

Bill No.: \_\_\_\_\_

Requested: \_\_\_\_\_

Committee: \_\_\_\_\_

Drafted by: Departmental

Typed by: Lynn

Stored – 12/03/18

Proofread by \_\_\_\_\_

Checked by \_\_\_\_\_

By: **Leave Blank (By Request – Departmental – Maryland Insurance Administration)**

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Corporate Governance Annual Disclosure Act**

3 FOR the purpose of requiring certain insurers and insurance groups to submit to the  
4 Maryland Insurance Commissioner a certain Corporate Governance Annual  
5 Disclosure (CGAD) not later than a certain date each calendar year beginning in a  
6 certain year; requiring certain insurers to submit a certain CGAD in a certain  
7 manner to the commissioner of the lead state for a certain insurance group; requiring  
8 that a CGAD contain a certain signature attesting to certain information; requiring  
9 certain insurers to submit a CGAD to the Commissioner on request; authorizing  
10 certain insurers and insurance groups to provide information regarding their  
11 corporate governance structures at certain levels and to consider certain criteria in  
12 determining for which level to provide the information; requiring certain insurers  
13 and insurance groups to indicate certain information under certain circumstances;  
14 authorizing the Commissioner to request additional information from a certain  
15 insurer or insurance group under certain circumstances; requiring that a certain  
16 review and any additional requests for information be made through the lead state  
17 in a certain manner under certain circumstances; providing that an insurer that  
18 includes certain information in another document submitted to the Commissioner  
19 may not be required to duplicate the information in the CGAD and is required to  
20 cross-reference in the CGAD the other document; requiring that certain insurers  
21 and insurance groups have discretion over the responses to a CGAD; requiring that

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 the CGAD contain certain information; requiring that the insurer or insurance group  
 2 maintain certain documentation and supporting information and make the  
 3 documentation and supporting information available to the Commissioner under  
 4 certain circumstances; providing for the confidentiality and privilege of certain  
 5 documents and information contained in and relating to a CGAD; authorizing the  
 6 sharing of certain documents and information relating to a CGAD under certain  
 7 circumstances; prohibiting the Commissioner from making certain documents,  
 8 materials, and information public except under certain circumstances; prohibiting  
 9 certain persons from being allowed or required to testify in certain actions; requiring  
 10 that certain persons be subject to certain confidentiality standards and  
 11 requirements; authorizing the Commissioner to retain certain consultants for  
 12 certain purposes; requiring that a third-party consultant verify to the  
 13 Commissioner, with notice to the insurer, certain information; requiring the  
 14 Commissioner to enter into a certain agreement with certain persons; requiring  
 15 certain corporations to be governed and regulated by certain provisions of this Act;  
 16 providing that certain provisions of this Act apply to managed care organizations  
 17 and health maintenance organizations; establishing a certain penalty; authorizing  
 18 the Commissioner to reduce a certain penalty under certain circumstances;  
 19 authorizing the Commissioner to adopt certain regulations; providing for the  
 20 application and construction of this Act; defining certain terms; establishing a  
 21 certain short title; making conforming changes; and generally relating to corporate  
 22 governance disclosures regarding insurers.

23 BY adding to  
 24 Article – Insurance  
 25 Section 4–501 through 4–509 to be under the new subtitle “Subtitle 5. Corporate  
 26 Governance Annual Disclosure Act”  
 27 Annotated Code of Maryland  
 28 (2017 Replacement Volume and 2018 Supplement)

29 BY repealing and reenacting, with amendments,  
 30 Article – Insurance  
 31 Section 14–102(g)  
 32 Annotated Code of Maryland  
 33 (2017 Replacement Volume and 2018 Supplement)

34 BY repealing and reenacting, with amendments,  
 35 Article – Health – General

1 Section 15–102.6  
2 Annotated Code of Maryland  
3 (2015 Replacement Volume and 2018 Supplement)

4 BY adding to  
5 Article – Health – General  
6 Section 19–706(m)  
7 Annotated Code of Maryland  
8 (2015 Replacement Volume and 2018 Supplement)

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
10 That the Laws of Maryland read as follows:

11 **Article – Insurance**

12 **SUBTITLE 5. CORPORATE GOVERNANCE ANNUAL DISCLOSURE ACT.**

13 **4–501.**

14 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
15 INDICATED.

16 (B) “CORPORATE GOVERNANCE ANNUAL DISCLOSURE” OR “CGAD”  
17 MEANS A CONFIDENTIAL REPORT SUBMITTED BY AN INSURER OR THE INSURANCE  
18 GROUP OF WHICH THE INSURER IS A MEMBER IN ACCORDANCE WITH THE  
19 REQUIREMENTS OF THIS SUBTITLE.

20 (C) “INSURANCE GROUP” MEANS THOSE INSURERS AND AFFILIATES  
21 INCLUDED WITHIN AN INSURANCE HOLDING COMPANY SYSTEM AS DEFINED IN  
22 § 7–101 OF THIS ARTICLE.

23 (D) (1) “INSURER” INCLUDES:

24 (I) EACH PERSON ENGAGED AS INDEMNITOR, SURETY, OR  
25 CONTRACTOR IN THE BUSINESS OF ENTERING INTO INSURANCE CONTRACTS;

26 (II) A NONPROFIT HEALTH SERVICE PLAN;

1 (III) A HEALTH MAINTENANCE ORGANIZATION;

2 (IV) A DENTAL PLAN ORGANIZATION; AND

3 (V) A MANAGED CARE ORGANIZATION.

4 (2) "INSURER" DOES NOT INCLUDE AN AGENCY, AN AUTHORITY, OR  
5 AN INSTRUMENTALITY OF THE UNITED STATES, ITS POSSESSIONS AND  
6 TERRITORIES, THE COMMONWEALTH OF PUERTO RICO, THE DISTRICT OF  
7 COLUMBIA, OR A POLITICAL SUBDIVISION OF A STATE.

8 (E) "NAIC" MEANS THE NATIONAL ASSOCIATION OF INSURANCE  
9 COMMISSIONERS.

10 (F) "ORSA SUMMARY REPORT" HAS THE MEANING STATED IN § 32-101 OF  
11 THIS ARTICLE.

12 4-502.

13 (A) THE REQUIREMENTS OF THIS SUBTITLE APPLY ONLY TO INSURERS  
14 DOMICILED IN THIS STATE.

15 (B) SUBJECT TO SUBSECTION (C) OF THIS SECTION, THIS SUBTITLE MAY  
16 NOT BE CONSTRUED TO REQUIRE OR IMPOSE CORPORATE GOVERNANCE  
17 STANDARDS AND INTERNAL PROCEDURES BEYOND THOSE WHICH ARE REQUIRED  
18 UNDER THE CORPORATIONS AND ASSOCIATIONS ARTICLE.

19 (C) THIS SUBTITLE MAY NOT BE CONSTRUED TO LIMIT THE  
20 COMMISSIONER'S AUTHORITY, OR THE RIGHTS OR OBLIGATIONS OF A THIRD-PARTY  
21 UNDER TITLE 2, SUBTITLE 2 OF THIS ARTICLE.

22 4-503.

23 (A) (1) NOT LATER THAN JUNE 1 EACH CALENDAR YEAR BEGINNING IN  
24 2020, AN INSURER OR THE INSURANCE GROUP OF WHICH THE INSURER IS A MEMBER  
25 AND FOR WHICH THE STATE IS THE LEAD STATE SHALL SUBMIT TO THE  
26 COMMISSIONER A CORPORATE GOVERNANCE ANNUAL DISCLOSURE THAT IS IN THE  
27 FORM AND CONTAINS THE INFORMATION REQUIRED BY REGULATION.

1           **(2) IF AN INSURER IS A MEMBER OF AN INSURANCE GROUP AND THE**  
2 **STATE IS NOT THE LEAD STATE FOR THE INSURANCE GROUP, THE INSURER SHALL**  
3 **SUBMIT A CGAD TO THE COMMISSIONER OF THE LEAD STATE FOR THE INSURANCE**  
4 **GROUP, IN ACCORDANCE WITH THE LAWS OF THE LEAD STATE, AS DETERMINED BY**  
5 **THE PROCEDURES SPECIFIED IN THE MOST RECENT FINANCIAL ANALYSIS**  
6 **HANDBOOK ADOPTED BY THE NAIC.**

7           **(B) A CGAD SUBMITTED UNDER SUBSECTION (A) OF THIS SECTION SHALL**  
8 **INCLUDE A SIGNATURE OF THE INSURER OR THE CHIEF EXECUTIVE OFFICER OR**  
9 **CORPORATE SECRETARY OF THE INSURANCE GROUP OF WHICH THE INSURER IS A**  
10 **MEMBER ATTESTING, TO THE BEST OF THAT INDIVIDUAL'S BELIEF AND**  
11 **KNOWLEDGE, THAT:**

12           **(1) THE INSURER HAS IMPLEMENTED A CORPORATE GOVERNANCE**  
13 **STRUCTURE, POLICIES, AND PRACTICES; AND**

14           **(2) A COPY OF THE CGAD HAS BEEN PROVIDED TO THE INSURER'S**  
15 **BOARD OF DIRECTORS OR THE APPROPRIATE COMMITTEE OF THE BOARD OF**  
16 **DIRECTORS.**

17           **(C) ON REQUEST OF THE COMMISSIONER, AN INSURER THAT IS NOT**  
18 **REQUIRED TO SUBMIT A CGAD UNDER SUBSECTION (A)(1) OF THIS SECTION SHALL**  
19 **SUBMIT A CGAD TO THE COMMISSIONER.**

20           **(D) (1) DEPENDING ON HOW AN INSURER OR THE INSURANCE GROUP OF**  
21 **WHICH THE INSURER IS A MEMBER HAS STRUCTURED ITS CORPORATE**  
22 **GOVERNANCE, THE INSURER OR INSURANCE GROUP SUBMITTING A CGAD TO THE**  
23 **COMMISSIONER MAY PROVIDE INFORMATION REGARDING ITS CORPORATE**  
24 **GOVERNANCE STRUCTURE AT:**

25                   **(I) THE ULTIMATE CONTROLLING PARENT LEVEL;**

26                   **(II) AN INTERMEDIATE HOLDING COMPANY LEVEL; OR**

27                   **(III) THE INDIVIDUAL LEGAL ENTITY LEVEL.**

28           **(2) IN DETERMINING THE LEVEL FOR WHICH INFORMATION WILL BE**

1 PROVIDED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE INSURER OR  
2 INSURANCE GROUP MAY CONSIDER THE FOLLOWING CRITERIA:

3 (I) THE LEVEL AT WHICH THE INSURER'S OR INSURANCE  
4 GROUP'S RISK APPETITE IS DETERMINED;

5 (II) THE LEVEL AT WHICH FACTORS, SUCH AS EARNINGS,  
6 CAPITAL, LIQUIDITY, OPERATIONS, AND REPUTATION OF THE INSURER, ARE  
7 OVERSEEN COLLECTIVELY, AND AT WHICH LEVEL THE SUPERVISION OF THOSE  
8 FACTORS IS COORDINATED AND EXERCISED; OR

9 (III) THE LEVEL AT WHICH LEGAL LIABILITY FOR FAILURE OF  
10 GENERAL CORPORATE GOVERNANCE DUTIES WOULD BE PLACED.

11 (3) IF THE INSURER OR INSURANCE GROUP DETERMINES THE LEVEL  
12 OF REPORTING BASED ON THE CRITERIA LISTED UNDER PARAGRAPH (2) OF THIS  
13 SUBSECTION, THE INSURER OR INSURANCE GROUP SHALL INDICATE WHICH OF THE  
14 THREE CRITERIA WAS USED TO DETERMINE THE LEVEL OF REPORTING AND EXPLAIN  
15 ANY SUBSEQUENT CHANGES IN THE LEVEL FOR WHICH INFORMATION IS PROVIDED.

16 (E) IF A CGAD IS SUBMITTED TO A LEAD STATE UNDER SUBSECTION (A)(2)  
17 OF THIS SECTION, A REVIEW OF THE CGAD AND ANY ADDITIONAL REQUESTS FOR  
18 INFORMATION SHALL BE MADE THROUGH THE LEAD STATE, AS DETERMINED BY THE  
19 PROCEDURES SPECIFIED IN THE MOST RECENT FINANCIAL ANALYSIS HANDBOOK  
20 ADOPTED BY THE NAIC.

21 (F) AN INSURER THAT INCLUDES INFORMATION SUBSTANTIALLY SIMILAR  
22 TO THE INFORMATION REQUIRED UNDER THIS SUBTITLE IN ANOTHER DOCUMENT  
23 SUBMITTED TO THE COMMISSIONER, INCLUDING PROXY STATEMENTS FILED IN  
24 CONJUNCTION WITH FORM B REQUIREMENTS, OR OTHER STATE OR FEDERAL  
25 FILINGS PROVIDED TO THE ADMINISTRATION:

26 (1) MAY NOT BE REQUIRED TO DUPLICATE THE INFORMATION IN A  
27 CGAD; AND

28 (2) SHALL CROSS-REFERENCE IN THE CGAD THE OTHER DOCUMENT  
29 IN WHICH THE INFORMATION IS INCLUDED.

1 **4-504.**

2 (A) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AN INSURER  
3 OR THE INSURANCE GROUP OF WHICH THE INSURER IS A MEMBER SHALL HAVE  
4 DISCRETION OVER THE RESPONSES TO A CGAD INQUIRY.

5 (2) THE CGAD SHALL CONTAIN THE MATERIAL INFORMATION  
6 NECESSARY TO PERMIT THE COMMISSIONER TO DEVELOP AN UNDERSTANDING OF  
7 THE CORPORATE GOVERNANCE STRUCTURE, POLICIES, AND PRACTICES OF THE  
8 INSURER OR INSURANCE GROUP.

9 (B) THE COMMISSIONER MAY REQUEST FROM AN INSURER OR THE  
10 INSURANCE GROUP OF WHICH THE INSURER IS A MEMBER ADDITIONAL  
11 INFORMATION THAT THE COMMISSIONER DETERMINES MATERIAL AND NECESSARY.

12 (C) THE INSURER OR THE INSURANCE GROUP OF WHICH THE INSURER IS A  
13 MEMBER SHALL:

14 (1) MAINTAIN DOCUMENTATION AND SUPPORTING INFORMATION;  
15 AND

16 (2) MAKE THE DOCUMENTATION AND SUPPORTING INFORMATION  
17 AVAILABLE TO THE COMMISSIONER ON EXAMINATION OR ON REQUEST OF THE  
18 COMMISSIONER.

19 **4-505.**

20 (A) ANY DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED  
21 INFORMATION, INCLUDING A CGAD, RELATING TO AN INSURER AND IN THE  
22 POSSESSION OR CONTROL OF THE COMMISSIONER THAT IS OBTAINED BY, CREATED  
23 BY, OR DISCLOSED TO THE COMMISSIONER OR ANY OTHER PERSON UNDER THIS  
24 SUBTITLE:

25 (1) IS CONFIDENTIAL AND PRIVILEGED;

26 (2) IS NOT SUBJECT TO THE PUBLIC INFORMATION ACT;

27 (3) IS NOT SUBJECT TO SUBPOENA; AND

1           **(4) IS NOT SUBJECT TO DISCOVERY OR ADMISSIBLE IN EVIDENCE IN**  
2 **ANY PRIVATE CIVIL ACTION.**

3           **(B) EXCEPT AS OTHERWISE PROVIDED BY THIS SUBTITLE, THE**  
4 **COMMISSIONER MAY NOT MAKE PUBLIC ANY DOCUMENTS, MATERIALS, OR OTHER**  
5 **CGAD-RELATED INFORMATION RELATING TO AN INSURER WITHOUT THE PRIOR**  
6 **WRITTEN CONSENT OF THE INSURER.**

7           **(C) THE COMMISSIONER MAY USE ANY DOCUMENTS, MATERIALS, OR OTHER**  
8 **CGAD-RELATED INFORMATION RELATING TO AN INSURER IN THE FURTHERANCE**  
9 **OF ANY REGULATORY OR LEGAL ACTION BROUGHT AS A PART OF THE DUTIES OF THE**  
10 **COMMISSIONER.**

11           **(D) THIS SECTION MAY NOT BE CONSTRUED TO REQUIRE WRITTEN**  
12 **CONSENT OF AN INSURER BEFORE THE COMMISSIONER MAY SHARE OR RECEIVE**  
13 **CONFIDENTIAL DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED**  
14 **INFORMATION THAT ASSIST IN THE PERFORMANCE OF THE REGULATORY DUTIES OF**  
15 **THE COMMISSIONER.**

16           **(E) THE COMMISSIONER AND ANY PERSON THAT RECEIVED CONFIDENTIAL**  
17 **DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED INFORMATION, THROUGH**  
18 **EXAMINATION OR OTHERWISE, WHILE ACTING UNDER THE AUTHORITY OF THE**  
19 **COMMISSIONER, OR WITH WHOM THE DOCUMENTS, MATERIALS, OR OTHER**  
20 **CGAD-RELATED INFORMATION ARE SHARED UNDER THIS SUBTITLE MAY NOT BE**  
21 **ALLOWED OR REQUIRED TO TESTIFY IN ANY PRIVATE CIVIL ACTION CONCERNING**  
22 **THE CONFIDENTIAL DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED**  
23 **INFORMATION.**

24           **(F) (1) TO ASSIST IN THE PERFORMANCE OF THE REGULATORY DUTIES**  
25 **OF THE COMMISSIONER, THE COMMISSIONER MAY, ON REQUEST, SHARE**  
26 **DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED INFORMATION, INCLUDING**  
27 **CONFIDENTIAL AND PRIVILEGED DOCUMENTS, MATERIALS, OR OTHER**  
28 **CGAD-RELATED INFORMATION AS PROVIDED UNDER SUBSECTION (A) OF THIS**  
29 **SECTION WITH:**

30                   **(I) OTHER STATE, FEDERAL, AND INTERNATIONAL FINANCIAL**  
31 **REGULATORY AGENCIES, INCLUDING MEMBERS OF ANY SUPERVISORY COLLEGE AS**



1 DEFINED IN § 2-209.1 OF THIS ARTICLE;

2 (II) THE NAIC; AND

3 (III) ANY THIRD-PARTY CONSULTANT THE COMMISSIONER  
4 DESIGNATES.

5 (2) THE COMMISSIONER MAY SHARE DOCUMENTS, MATERIALS, OR  
6 OTHER CGAD-RELATED INFORMATION UNDER PARAGRAPH (1) OF THIS  
7 SUBSECTION IF THE RECIPIENT OF THE DOCUMENTS, MATERIALS, OR OTHER  
8 CGAD-RELATED INFORMATION:

9 (I) AGREES IN WRITING TO MAINTAIN THE CONFIDENTIALITY  
10 AND PRIVILEGED STATUS OF THE DOCUMENTS, MATERIALS, OR OTHER  
11 CGAD-RELATED INFORMATION; AND

12 (II) VERIFIES IN WRITING THAT THE RECIPIENT HAS THE LEGAL  
13 AUTHORITY TO MAINTAIN CONFIDENTIALITY AND PRIVILEGED STATUS OF THE  
14 DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED INFORMATION.

15 (G) (1) THE COMMISSIONER MAY RECEIVE DOCUMENTS, MATERIALS, OR  
16 OTHER CGAD-RELATED INFORMATION FROM:

17 (I) OTHER STATE, FEDERAL, AND INTERNATIONAL FINANCIAL  
18 REGULATORY AGENCIES, INCLUDING MEMBERS OF ANY SUPERVISORY COLLEGE AS  
19 DEFINED IN § 2-209.1 OF THIS ARTICLE; AND

20 (II) THE NAIC.

21 (2) THE COMMISSIONER SHALL MAINTAIN AS CONFIDENTIAL AND  
22 PRIVILEGED ANY DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED  
23 INFORMATION RECEIVED UNDER PARAGRAPH (1) OF THIS SECTION THAT THE  
24 COMMISSIONER RECEIVES WITH NOTICE OR THE UNDERSTANDING THAT THE  
25 DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED INFORMATION ARE  
26 CONFIDENTIAL AND PRIVILEGED UNDER THE LAWS OF THE JURISDICTION THAT IS  
27 THE SOURCE OF THE DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED  
28 INFORMATION.

1           **(H) (1) THE SHARING OF INFORMATION AND DOCUMENTS BY THE**  
2 **COMMISSIONER UNDER THIS SUBTITLE MAY NOT CONSTITUTE A DELEGATION OF**  
3 **REGULATORY AUTHORITY OR RULEMAKING.**

4           **(2) THE COMMISSIONER IS SOLELY RESPONSIBLE FOR THE**  
5 **ADMINISTRATION, EXECUTION, AND ENFORCEMENT OF THE PROVISIONS OF THIS**  
6 **SUBTITLE.**

7           **(I) A WAIVER OF ANY APPLICABLE PRIVILEGE OR CLAIM OF**  
8 **CONFIDENTIALITY AND PRIVILEGES IN ANY DOCUMENTS, MATERIALS, OR OTHER**  
9 **CGAD-RELATED INFORMATION MAY NOT OCCUR AS A RESULT OF:**

10           **(1) THE DISCLOSURE OF THE DOCUMENTS, MATERIALS, OR OTHER**  
11 **CGAD-RELATED INFORMATION TO THE COMMISSIONER UNDER THIS SECTION; OR**

12           **(2) THE SHARING OF THE DOCUMENTS, MATERIALS, OR OTHER**  
13 **CGAD-RELATED INFORMATION UNDER THIS SUBTITLE.**

14 **4-506.**

15           **(A) (1) THE COMMISSIONER MAY RETAIN, AT AN INSURER'S EXPENSE,**  
16 **THIRD-PARTY CONSULTANTS AS MAY BE REASONABLY NECESSARY TO ASSIST THE**  
17 **COMMISSIONER IN:**

18                   **(I) REVIEWING A CGAD AND DOCUMENTS, MATERIALS, OR**  
19 **OTHER CGAD-RELATED INFORMATION; OR**

20                   **(II) DETERMINING AN INSURER'S COMPLIANCE WITH THIS**  
21 **SUBTITLE.**

22           **(2) THIRD-PARTY CONSULTANTS RETAINED UNDER PARAGRAPH (1)**  
23 **OF THIS SUBSECTION MAY INCLUDE ATTORNEYS, ACTUARIES, ACCOUNTANTS, AND**  
24 **ANY OTHER EXPERTS NOT OTHERWISE A PART OF THE COMMISSIONER'S STAFF.**

25           **(B) ANY PERSON RETAINED UNDER SUBSECTION (A) OF THIS SECTION**  
26 **SHALL:**

27           **(1) BE UNDER THE DIRECTION AND CONTROL OF THE**

1 COMMISSIONER; AND

2 (2) ACT IN A PURELY ADVISORY CAPACITY.

3 (C) THE NAIC AND ANY THIRD-PARTY CONSULTANT SHALL BE SUBJECT TO  
4 THE SAME CONFIDENTIALITY STANDARDS AND REQUIREMENTS AS THE  
5 COMMISSIONER.

6 (D) AS PART OF THE RETENTION PROCESS, A THIRD-PARTY CONSULTANT  
7 SHALL VERIFY TO THE COMMISSIONER, WITH NOTICE TO THE INSURER, THAT THE  
8 THIRD-PARTY CONSULTANT:

9 (1) IS FREE OF A CONFLICT OF INTEREST WITH THE INSURER; AND

10 (2) HAS INTERNAL PROCEDURES IN PLACE TO MONITOR COMPLIANCE  
11 REGARDING ANY CONFLICT AND TO COMPLY WITH THE CONFIDENTIALITY  
12 STANDARDS AND REQUIREMENTS UNDER THIS SUBTITLE.

13 (E) (1) THE COMMISSIONER SHALL ENTER INTO A WRITTEN AGREEMENT  
14 WITH THE NAIC OR A THIRD-PARTY CONSULTANT GOVERNING SHARING AND USE  
15 OF DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED INFORMATION  
16 SUBMITTED TO THE COMMISSIONER UNDER THIS SUBTITLE.

17 (2) THE WRITTEN AGREEMENT UNDER PARAGRAPH (1) OF THIS  
18 SUBSECTION SHALL:

19 (I) REQUIRE THE WRITTEN CONSENT OF AN INSURER BEFORE  
20 MAKING PUBLIC DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED  
21 INFORMATION SUBMITTED TO THE COMMISSIONER UNDER THIS SUBTITLE;

22 (II) SPECIFY PROCEDURES AND PROTOCOLS FOR MAINTAINING  
23 THE CONFIDENTIALITY AND SECURITY OF DOCUMENTS, MATERIALS, OR OTHER  
24 CGAD-RELATED INFORMATION SHARED WITH THE NAIC OR A THIRD-PARTY  
25 CONSULTANT UNDER THIS SUBTITLE;

26 (III) SPECIFY PROCEDURES AND PROTOCOLS FOR THE SHARING  
27 OF DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED INFORMATION BY THE  
28 NAIC ONLY WITH OTHER STATE REGULATORS FROM STATES IN WHICH AN

1 INSURANCE GROUP HAS DOMICILED INSURERS;

2 (IV) SPECIFY THAT THE RECIPIENT OF ANY DOCUMENTS,  
3 MATERIALS, OR OTHER CGAD-RELATED INFORMATION:

4 1. AGREES IN WRITING TO MAINTAIN THE  
5 CONFIDENTIALITY AND PRIVILEGED STATUS OF THE DOCUMENTS, MATERIALS, OR  
6 OTHER CGAD-RELATED INFORMATION; AND

7 2. HAS VERIFIED IN WRITING THE LEGAL AUTHORITY TO  
8 MAINTAIN CONFIDENTIALITY;

9 (V) SPECIFY THAT:

10 1. OWNERSHIP OF THE DOCUMENTS, MATERIALS, OR  
11 OTHER CGAD-RELATED INFORMATION SHARED UNDER THIS SUBTITLE WITH THE  
12 NAIC OR A THIRD-PARTY CONSULTANT REMAINS WITH THE COMMISSIONER; AND

13 2. THE NAIC'S OR THIRD-PARTY CONSULTANT'S USE OF  
14 THE INFORMATION IS SUBJECT TO THE DIRECTION OF THE COMMISSIONER;

15 (VI) PROHIBIT THE NAIC AND ANY THIRD-PARTY CONSULTANT  
16 FROM STORING DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED  
17 INFORMATION SHARED UNDER THIS SUBTITLE IN A PERMANENT DATABASE AFTER  
18 THE UNDERLYING ANALYSIS IS COMPLETED;

19 (VII) REQUIRE THE NAIC AND ANY THIRD-PARTY CONSULTANT  
20 TO PROVIDE PROMPT NOTICE TO THE COMMISSIONER AND TO THE INSURER OR  
21 INSURANCE GROUP OF WHICH THE INSURER IS A MEMBER REGARDING ANY  
22 SUBPOENA, REQUEST FOR DISCLOSURE, OR REQUEST FOR PRODUCTION OF THE  
23 INSURER'S DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED INFORMATION;  
24 AND

25 (VIII) REQUIRE THE NAIC AND ANY THIRD-PARTY CONSULTANT  
26 TO CONSENT TO INTERVENTION BY AN INSURER IN ANY JUDICIAL OR  
27 ADMINISTRATIVE ACTION IN WHICH THE NAIC OR THE THIRD-PARTY CONSULTANT  
28 MAY BE REQUIRED TO DISCLOSE CONFIDENTIAL DOCUMENTS, MATERIALS, OR  
29 OTHER CGAD-RELATED INFORMATION ABOUT THE INSURER SHARED WITH THE

1 **NAIC OR THE THIRD-PARTY CONSULTANT UNDER THIS SUBTITLE.**

2 **4-507.**

3 (A) **SUBJECT TO § 2-210 OF THIS ARTICLE, AN INSURER THAT FAILS TO**  
4 **TIMELY SUBMIT A CGAD TO THE COMMISSIONER AS REQUIRED BY THIS SUBTITLE**  
5 **AND WITHOUT JUST CAUSE IS SUBJECT TO A PENALTY OF \$200 FOR EACH DAY THE**  
6 **VIOLATION CONTINUES, UP TO A MAXIMUM OF \$25,000.**

7 (B) **THE COMMISSIONER MAY REDUCE A PENALTY IMPOSED ON AN INSURER**  
8 **UNDER SUBSECTION (A) OF THIS SECTION IF THE INSURER DEMONSTRATES TO THE**  
9 **COMMISSIONER THAT THE IMPOSITION OF THE PENALTY WOULD CONSTITUTE A**  
10 **FINANCIAL HARDSHIP TO THE INSURER.**

11 (C) **THIS SECTION DOES NOT LIMIT THE AUTHORITY OF THE**  
12 **COMMISSIONER TO TAKE ANY OTHER ACTION AUTHORIZED BY THIS ARTICLE.**

13 **4-508.**

14 **THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THIS**  
15 **SUBTITLE.**

16 **4-509.**

17 **THIS SUBTITLE MAY BE CITED AS THE CORPORATE GOVERNANCE ANNUAL**  
18 **DISCLOSURE ACT.**

19 **14-102.**

20 (g) **A corporation without capital stock organized for the purpose of establishing,**  
21 **maintaining, and operating a nonprofit health service plan through which health care**  
22 **providers provide health care services to subscribers to the plan under contracts that entitle**  
23 **each subscriber to certain health care services shall be governed and regulated by:**

24 (1) **this subtitle;**

25 (2) **Title 2, Subtitle 2 of this article and §§ 1-206, 3-127, and 12-210 of this**  
26 **article;**

- 1 (3) Title 2, Subtitle 5 of this article;
- 2 (4) §§ 4–113 [and], 4–114, AND 4–503 of this article;
- 3 (5) Title 5, Subtitles 1, 2, 3, 4, and 5 of this article;
- 4 (6) Title 7 of this article, except for § 7–706 and Subtitle 2 of Title 7;
- 5 (7) Title 9, Subtitles 1, 2, and 4 of this article;
- 6 (8) Title 10, Subtitle 1 of this article;
- 7 (9) Title 27 of this article; and
- 8 (10) any other provision of this article that:
  - 9 (i) is expressly referred to in this subtitle;
  - 10 (ii) expressly refers to this subtitle; or
  - 11 (iii) expressly refers to nonprofit health service plans or persons
  - 12 subject to this subtitle.

**Article – Health – General**

14 15–102.6.

15 (a) **(1)** Subject to [subsection (b) of this section] **PARAGRAPH (2) OF THIS**  
16 **SUBSECTION**, the provisions of Title 7 of the Insurance Article apply to managed care  
17 organizations.

18 **[(b)] (2)** Before approving a transaction under § 7–306 of the Insurance Article,  
19 the Insurance Commissioner shall consult with the Secretary.

20 **[(c)] (3)** The Insurance Commissioner:

21 **[(1)] (1)** Shall adopt regulations establishing a reporting materiality

1 threshold; and

2           **[(2)] (II)**     May adopt regulations necessary to implement the provisions of  
3 this [section] **SUBSECTION**.

4           **[(d)] (4)**     The provisions of this [section] **SUBSECTION** may not apply to any  
5 transaction preempted by federal law.

6           **(B)   THE PROVISIONS OF TITLE 4, SUBTITLE 5 OF THE INSURANCE ARTICLE**  
7 **APPLY TO MANAGED CARE ORGANIZATIONS.**

8 19–706.

9           **(M)   THE PROVISIONS OF TITLE 4, SUBTITLE 5 OF THE INSURANCE ARTICLE**  
10 **APPLY TO HEALTH MAINTENANCE ORGANIZATIONS.**

11           **SECTION 2. AND BE IT FURTHER ENACTED,** That this Act shall take effect July  
12 1, 2019.