



Fiscal Year 2022 IRF Assessment Based on Premium Data for Calendar Year 2020

Frequently Asked Questions

FAQ 1 - What is the Assessment Fee?

ANSWER: The Maryland Insurance Administration (“MIA”) is the agency that regulates insurance companies in Maryland. The MIA is funded, in part, through an Insurance Regulatory Fund assessment fee (the Assessment Fee). Title 2, Subtitle 5 of the Insurance Article, Annotated Code of Maryland, requires the Commissioner to collect an annual Assessment Fee from all Maryland authorized insurers. The Assessment Fee varies each year based on the MIA’s budget appropriation.

The Assessment Fee is allocated by industry pursuant to percentages, set out in §2-501 of the Insurance Article, which do not change. The Total Assessment Fee for Fiscal Year 2022 was \$18,935,987 and was allocated to each industry as follows:

FY 2022 Total Assessment:

Total Assessment Fee	100%	\$18,935,987.00
Life portion	26%	\$4,923,356.62
Health portion	40%	\$7,574,394.80
Property & Casualty portion	34%	\$6,438,235.58

FAQ 2 – Please provide the calculation of the assessment for my company.

ANSWER: The calculation of the assessment is as follows. The bottom of the invoice sent to the insurer provides the information in red font. FAQ 2 below explains what the insurer’s assessable premium is. Using the formula outlined in §2-502 of the Insurance Article, the formula is:

Ratio = insurer's assessable premium (2020 direct premiums written in Maryland excluding federal premium) ÷ **2020 Gross Direct Premium Written (Assessable)**

The ratio is then multiplied by the assessment amount to determine the insurer's allocation of the assessment:

$$\text{Ratio} \times \text{2022 Total Assessment Amount} = \text{2022 insurer's IRF assessment}$$

Please note that the result may not match precisely to your invoiced amount because of the provision in the law in §2-502(d) that requires a minimal assessment for insurers with low premium amounts.

FAQ 3 – How is the insurer's assessable premium calculated, and how much is the 2020 Gross Direct Premium Written (Assessable)?

ANSWER: The insurer's assessable premium means the premium written in Maryland reported on Schedule T in the life, health, property & casualty, and title annual statement blanks. More specifically, the insurer's assessable premium is the life, annuity, accident and health, or property and casualty premium reported on Schedule T less Medicare Title XVIII, Medicaid Title XIX, and Federal Employees Health Benefits Plan Premium. Any Medicare business (such as Medicare Part D) reported on the insurer's premium tax supplemental filing exceeding the amount of federal business reported on Schedule T is also deducted.

2020 Gross Direct Premium Written (Assessable) based on majority premium type:

FY 2022 LIFE Gross Direct Premium Written (Assessable)	\$11,239,034,149
FY 2022 HEALTH Gross Direct Premium Written (Assessable)	\$7,517,198,441
FY 2022 PROPERTY & CASUALTY Gross Direct Premium Written (Assessable)	\$12,638,551,476

FAQ 4 – In prior years, my company typically had received an invoice based on the [LIFE/HEALTH/P&C] assessment. This year we received an invoice based on a different industry assessment. Why did this change this year?

ANSWER: Section 2-502(c) of the Insurance Article states that for the purposes of calculating the assessment fee, a multiple-type insurer shall be considered to be either a health insurer, a life insurer, or a property and casualty insurer based on the majority of premium type written. The MIA considers premiums greater than or equal to 50% in a type of business to be the majority premium type regardless of the blank filed. For example, an insurer that files a Life blank will receive an invoice based on the Health assessment if the health premiums reported on the accident & health section of the State page are 50% or more of the total direct premium reported by the insurer for all lines of business on the State page. In some circumstances, this may result in a company being assessed as a different type of business than in the past; this aligns with the language in Section 2-502(c). In addition, for some companies, the industry assessment may vary from year to year depending on the type of direct premium written.

FAQ 5 – My company received an invoice based on a different industry assessment than in previous years. I understand the answer to FAQ 4 above. But the invoice amount increased compared to previous years. Why did the invoice amount increase?

ANSWER: As explained in FAQs 1, 2, and 3, the annual Assessment Fee is allocated by industry and then by the ratio of each insurer's assessable premium to the total assessable premium written by all insurers in the relevant industry type. There are 4 components of the Assessment Fee: 1) the total amount of the assessment, which varies from year to year based on the MIA's budget appropriation, 2) the insurer's assessable premium, 3) the total Gross Direct Premium Written (Assessable) for the particular industry (Life, Health, or P&C), and 4) the Total Assessment amount for the particular industry. Any change in any of these components will change a company's invoice amount. If no material change occurred in the company's premium written in Maryland, then it is likely that one or more of the other components (1, 3, or 4) has changed from the prior year.

If you have any further questions, please email FISCALASMENT.MIA@MARYLAND.GOV