

**Department of Legislative Services**  
Maryland General Assembly  
2020 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 1039  
Finance

(Senator Klausmeier)

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**Maryland Insurance Commissioner - Hearings - Authority to Delegate**

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This bill expands the Insurance Commissioner's authority to delegate responsibility for holding hearings under the Insurance Article, by allowing the Commissioner to designate *any* Maryland Insurance Administration (MIA) employee who is admitted to practice law in the State to hold the hearings, in addition to other currently authorized individuals.

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**Fiscal Summary**

**State Effect:** Special fund expenditures for MIA decrease beginning in FY 2021 as fewer hearings are referred to the Office of Administrative Hearings (OAH). Reimbursable revenues for OAH decrease correspondingly.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** The Insurance Commissioner is authorized to hold hearings for any purpose he or she considers necessary under the Insurance Article. A hearing must be held if required by any provision of the Insurance Article or, unless otherwise specified, if requested by a person aggrieved by an act or failure to act of the Commissioner. Within 30 days after receiving a demand for a hearing, the Commissioner must grant and, unless delayed by the mutual consent of all parties, hold a hearing or refuse the hearing. Any demand not addressed before the 30-day limit is refused. Hearings are exempt from the provision of law that allows parties in a contested case to file exceptions against a proposed decision, unless the final decision maker personally presides over the hearing.

The Commissioner is authorized to delegate the responsibility for holding hearings to (1) the deputy commissioner; (2) an associate deputy commissioner; (3) an associate commissioner; or (4) *one* other MIA employee who is admitted to practice law in the State.

**Background:** In recent years, many of MIA's hearings have been referred to OAH due to the volume of hearings requested and the limited number of employees authorized to conduct the hearings. For example, in fiscal 2019, MIA received 215 hearing requests. Of that total, MIA handled 129 requests and referred the remaining 86 to OAH; OAH charged MIA \$686,287 for its services. The bill allows MIA to conduct more of its own hearings by expanding the number of MIA employees who can conduct the hearings. Even so, MIA still anticipates referring hearings to OAH, just a lesser amount than in recent years.

**State Fiscal Effect:** MIA special fund expenditures decrease as fewer hearings are referred to OAH and OAH reimbursable revenues decrease correspondingly. The change is not anticipated to materially affect OAH's expenditures as it conducts thousands of hearings for State agencies each year.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** HB 1593 (Delegate Kelly) - Economic Matters.

**Information Source(s):** Maryland Insurance Administration; Office of Administrative Hearings; Department of Legislative Services

**Fiscal Note History:** First Reader - March 12, 2020  
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