

SENATE BILL 16

K1, C4

(PRE-FILED)

4r0493

CF 4r0494

By: **Senators Klausmeier, Middleton, Kittleman, and Pugh**

Requested: September 11, 2013

Introduced and read first time: January 8, 2014

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Chesapeake Employers' Insurance Company – Issuance, Renewal, and**
3 **Cancellation of Policies – Authority**

4 FOR the purpose of authorizing the Chesapeake Employers' Insurance Company to
5 issue policies for employer's liability insurance and insurance under a federal
6 compensation law; providing an exception to a certain prohibition to allow the
7 Company to cancel or refuse to renew or issue a policy for failure to reimburse
8 the Company under a certain policy as required under a certain provision of
9 law; and generally relating to the authority of the Chesapeake Employers'
10 Insurance Company to issue, cancel, and renew policies.

11 BY repealing and reenacting, with amendments,
12 Article – Insurance
13 Section 24–304 and 24–306
14 Annotated Code of Maryland
15 (2011 Replacement Volume and 2013 Supplement)

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

18 **Article – Insurance**

19 24–304.

20 (a) Before October 1, 2013, the Company shall:

21 (1) file an application for a certificate of authority under this article
22 and a statement of the risk-based capital levels of the Company as of the date of the
23 application prepared in accordance with § 4–303 of this article; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) take all steps necessary to be an authorized domestic insurer
2 under State law.

3 (b) On approval of the application for a certificate of authority, the
4 Commissioner shall issue to the Company a certificate of authority that authorizes the
5 Company to issue policies under Title 9 of the Labor and Employment Article.

6 (c) Except as otherwise provided in this subtitle, the Company has the
7 powers, privileges, and immunities granted by and is subject to the provisions
8 applicable to insurers authorized to write workers' compensation insurance under this
9 article.

10 **(D) THE COMPANY MAY ISSUE POLICIES FOR:**

11 **(1) EMPLOYER'S LIABILITY INSURANCE; AND**

12 **(2) INSURANCE UNDER A FEDERAL COMPENSATION LAW.**

13 **[(d)] (E)** Except as otherwise provided in this subtitle, the Company shall
14 be:

15 (1) authorized, examined, and regulated by the Commissioner in the
16 same manner and to the same extent as other authorized property and casualty
17 insurers; and

18 (2) subject to each provision of this article that is applicable to other
19 authorized property and casualty insurers.

20 **[(e)] (F)** The Company is a member of the Property and Casualty Insurance
21 Guaranty Corporation.

22 24-306.

23 (a) The Company:

24 (1) shall be an authorized insurer; and

25 (2) on and after October 1, 2013, shall be the workers' compensation
26 insurer of last resort for employers covered under Title 9 of the Labor and
27 Employment Article.

28 (b) Before October 1, 2013, the Fund shall serve as the workers'
29 compensation insurer of last resort for workers' compensation insurance and as a
30 competitive workers' compensation insurer under the same terms and conditions as
31 the Fund served before October 1, 2012.

1 (c) The Company may not cancel or refuse to renew or issue a policy except
2 for:

3 (1) nonpayment of a premium for current or prior policies issued by
4 the Fund or the Company;

5 (2) failure to provide payroll information to the Fund or the Company;
6 [or]

7 (3) failure to cooperate in any payroll audit conducted by the Fund or
8 the Company; **OR**

9 (4) **FAILURE TO REIMBURSE THE COMPANY UNDER A POLICY**
10 **WITH DEDUCTIBLES AS REQUIRED UNDER § 19-404 OF THIS ARTICLE.**

11 (d) The Company may engage only in the business of workers' compensation
12 insurance in accordance with State law.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 July 1, 2014.