

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 59

(Chair, Finance Committee)(By Request - Departmental -
Maryland Insurance Administration)

Finance

Economic Matters

Insurance - Antifraud Plan Requirement - Application

This departmental bill limits the requirement that authorized insurers institute, maintain, and file an antifraud plan to apply only to those insurers that have in force policies or certificates of insurance in the State. Thus, an insurer that is authorized to issue or deliver policies or certificates in the State, but has not done so, is no longer required to have an antifraud plan.

Fiscal Summary

State Effect: Although the bill does not materially affect State operations or finances, the Maryland Insurance Administration (MIA) is likely to experience operational efficiencies from reviewing fewer antifraud plans.

Local Effect: None.

Small Business Effect: MIA has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: Authorized insurers, nonprofit health service plans, and health maintenance organizations (HMOs) are required to create and file with the Insurance Commissioner an insurance antifraud plan that includes specific procedures to prevent and report insurance fraud and facilitate prosecution of insurance fraud cases. It is considered a violation of the Insurance Article if an insurer fails to (1) file an antifraud plan; (2) file a revised plan when

the initial plan is disapproved by the Commissioner; or (3) comply with its own antifraud plan.

Background: MIA advises that the bill saves on administrative costs and compliance resources for insurers, nonprofit health service plans, and HMOs that are licensed to operate in the State, but do not presently write any business in Maryland. Similarly, MIA expects to save on the administrative costs of reviewing antifraud plans for those companies.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Insurance Administration; Department of Legislative Services

Fiscal Note History: First Reader - January 10, 2018
md/jc Third Reader - March 17, 2018
Revised - Amendment(s) - March 17, 2018

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Insurers – Antifraud Plan Requirements-Scope

BILL NUMBER: SB 59

PREPARED BY:
(Dept./Agency) Maryland Insurance Administration

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

This legislation limits the requirement that insurers submit an anti-fraud plan to the MIA to impact only those insurers that actively write business in Maryland. Therefore, insurers that do not actively write business in Maryland do not have to submit an anti-fraud plan. The legislation will remove the costs associated with preparing and submitting an anti-fraud plan if an insurer is licensed but does not write business in Maryland.

Insofar as an insurer meets the definition of “small business” in Maryland, the insurer will realize savings (minimal) in administrative and compliance costs as a result of this legislation.