

**Department of Legislative Services**  
Maryland General Assembly  
2022 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

Senate Bill 167

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

Finance

Economic Matters

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**Maryland Insurance Administration - Enforcement Authority - Payment of  
Claims**

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This departmental bill clarifies that the Maryland Insurance Commissioner, instead of or in addition to suspending or revoking a certificate of authority, may require the holder to (1) fulfill any obligation under the policies or contracts that the holder failed to fulfill in violation of the Insurance Article or (2) pay a claim or an amount due under a policy or contract not paid in violation of the Insurance Article. The bill also authorizes the Commissioner, on finding a violation of unfair claim settlement practices, to require an insurer, nonprofit health service plan, or health maintenance organization (collectively known as carriers) to provide to a claimant a payment that has been determined to be denied in violation of Title 27, Subtitle 3 of the Insurance Article. The bill expresses the intent of the General Assembly that the bill must be construed to be clarifying only and not to grant the Commissioner any additional authority beyond what is provided by the Insurance Article as of September 30, 2022.

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**Fiscal Summary**

**State Effect:** The bill does not substantively change State activities or operations.

**Local Effect:** None.

**Small Business Effect:** The Maryland Insurance Administration 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.)

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## Analysis

**Current Law:** An insurer must apply for a certificate of authority issued by the Commissioner to engage in the insurance business in Maryland. Subject to hearing provisions, the Commissioner may refuse to renew, suspend, or revoke a certificate of authority for 15 specified grounds, including violating provisions of the Insurance Article. Instead of or in addition to suspending or revoking a certificate of authority, the Commissioner may impose a penalty of at least \$100 and up to \$125,000 for each violation of the Insurance Article and require the holder to make restitution to any person who has suffered financial injury because of the violation.

On a finding of a violation of Title 27, Subtitle 3 of the Insurance Article (unfair claim settlement practices), the Commissioner may impose specified penalties and require a carrier to make restitution to each claimant who has suffered actual economic damage because of the violation. Under §§ 15-10A-04 and 15-10D-03 of the Insurance Article (adverse decisions, grievance decisions, coverage decisions, and appeal decisions), if a carrier fails to fulfill the carrier's obligations to provide or reimburse for health care services specified in the carrier's policies or contracts, the Commissioner may impose a fine or penalty or require the carrier to fulfill the carrier's contractual obligations, provide a health care service or payment that has been denied improperly, or take appropriate steps to restore the carrier's ability to provide a health care service or payment that is provided under a contract.

**Background:** The bill is intended to clarify the regulatory authority of the Commissioner to require that insurers reprocess improperly denied claims in accordance with their insureds' contracts. The language of the bill is similar to the Commissioner's existing authority relating to actions against carriers regarding adverse decisions, grievance decisions, coverage decisions, and appeal decisions.

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## Additional Information

**Prior Introductions:** Similar legislation, SB 272 of 2021, received a hearing in the Senate Finance Committee, but no further action was taken.

**Designated Cross File:** None.

**Information Source(s):** Department of Budget and Management; Maryland Health Benefit Exchange; Maryland Department of Health; Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - January 17, 2022  
fnu2/ljm Third Reader - March 23, 2022  
Revised - Amendment(s) - March 23, 2022

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## ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Maryland Insurance Administration – Enforcement Authority –  
Payment of Claims

BILL NUMBER: SB 167

PREPARED BY: 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

There is no economic impact on small business associated with this proposal.