

HOUSE BILL 1071

C4, P2

EMERGENCY BILL

11r0723
CF SB 782

By: **Delegates Vaughn and Morhaim**

Introduced and read first time: February 11, 2011

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Certificate of Authority – Exemption**

3 FOR the purpose of exempting an insurer that engages in transactions that relate to
4 individual sureties lawfully written under certain provisions of State
5 procurement law or lawfully written for any private work in the State from the
6 requirement to have a certificate of authority issued by the Maryland Insurance
7 Commissioner; making this Act an emergency measure; and generally relating
8 to certificates of authority under insurance law.

9 BY repealing and reenacting, with amendments,
10 Article – Insurance
11 Section 4–101
12 Annotated Code of Maryland
13 (2003 Replacement Volume and 2010 Supplement)

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

16 **Article – Insurance**

17 4–101.

18 (a) (1) Except as otherwise provided in this article, a person may not act
19 as an insurer and an insurer may not engage in the insurance business in the State
20 unless the person has a certificate of authority issued by the Commissioner.

21 (2) An insurer may not have or maintain in this State an office,
22 representative, or other facility to solicit or service any kind of insurance in another
23 state unless the insurer is then authorized to engage in the same kind of insurance
24 business in this State.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) A certificate of authority is not required for an insurer to engage in:

2 (1) transactions that relate to policies that were lawfully written in
3 the State, or the liquidation of assets and liabilities of the insurer, including the
4 collection of premiums on existing policies, resulting from former authorized
5 operations of the insurer in the State;

6 (2) transactions that occur after issuance of a policy that covers only
7 subjects of insurance not resident, located, or expressly to be performed in the State at
8 the time of issuance, or that covers property in the course of transportation by land,
9 air, or water to, from, or through the State, including any incidental preparation and
10 storage, and the coverage was lawfully solicited, written, and delivered outside the
11 State;

12 (3) transactions that relate to surplus lines coverages lawfully written
13 under Title 3, Subtitle 3 of this article; [or]

14 (4) reinsurance transactions, except as to domestic reinsurers; OR

15 **(5) TRANSACTIONS THAT RELATE TO INDIVIDUAL SURETIES**
16 **LAWFULLY WRITTEN:**

17 **(I) UNDER TITLE 13 OR TITLE 17 OF THE STATE FINANCE**
18 **AND PROCUREMENT ARTICLE; OR**

19 **(II) FOR ANY PRIVATE WORK IN THE STATE.**

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency
21 measure, is necessary for the immediate preservation of the public health or safety,
22 has been passed by a yea and nay vote supported by three-fifths of all the members
23 elected to each of the two Houses of the General Assembly, and shall take effect from
24 the date it is enacted.