

(As enacted by Chapter \_\_\_\_ (H.B. 11) of the Acts of the General Assembly of 1997)

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

**Article 48A – Insurance Code**

698.

(q) (1) “Small employer” means:

(i) Any person, sole proprietor, firm, corporation, partnership, or association actively engaged in business if:

1. On at least 50 percent of its working days during the preceding calendar year, employed at least two but no more than 50 eligible employees; and

2. The majority of the individuals described under item 1 of this subparagraph are employed within the State; or

(ii) Any self-employed individual who:

1. [Is] A. LIVES, WORKS, OR RESIDES IN THIS STATE; AND

B. IS an individual or sole proprietor [who derives] OR IS ORGANIZED IN ANY OTHER LEGALLY RECOGNIZED MANNER THAT A SELF-EMPLOYED INDIVIDUAL MAY ORGANIZE SUCH THAT a substantial portion of the individual’s income IS DERIVED from a trade or business through which the individual or sole proprietor has attempted to earn taxable income and for which the individual has filed the appropriate Internal Revenue [Form 1040, Schedule C or F,] FORM OR FORMS AND SCHEDULE for the previous taxable year, a copy of which shall be filed with the carrier [as proof of employment]; or

2. Is an individual engaged in a licensed profession through a professional corporation organized in accordance with Title 5, Subtitle 1 of the Corporations and Associations Article and who received health benefits through a professional association prior to July 1, 1994.

(9) A CARRIER MAY REQUEST DOCUMENTATION FROM A PERSON TO VERIFY THAT THE PERSON SATISFIES THE CRITERIA UNDER PARAGRAPH (1)(1), (2)(1), (4), (5), (6), OR (7) OF THIS SUBSECTION TO BE CONSIDERED A SMALL EMPLOYER UNDER THIS SUBTITLE.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows: