

WHEREAS, The Insurance Commissioner found that the management and Board of Directors of CareFirst failed to seek and consider material information relevant to the decision to convert; and

WHEREAS, The Insurance Commissioner found that the management of CareFirst sought, and the Board of Directors approved, large bonuses and permanent roles for current management in the combined company and these bonuses created incentives that conflicted with the nonprofit mission of CareFirst; and

WHEREAS, The Insurance Commissioner found that the bidding process for the sale of CareFirst was flawed and did not produce fair market value; and

WHEREAS, The Insurance Commissioner found that CareFirst matched or exceeded other nonprofit and for-profit insurers on capital spending and that CareFirst has adequate capital to fund its capital investment needs; now, therefore,

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

**Article — Insurance**

~~14-101.~~

~~(a) In this subtitle the following words have the meanings indicated.~~

~~(b) "Health care provider" means a chiropractor, dentist, hospital, optometrist, pharmacist, physician, podiatrist, or psychologist.~~

~~(c) "Health care services" means chiropractic, dental, hospital, medical, optometric, pharmaceutical, podiatric, or psychological services.~~

~~(d) "NONPROFIT HEALTH SERVICE PLAN" INCLUDES AN ENTITY THAT IS ISSUED A CERTIFICATE OF AUTHORITY UNDER THIS SUBTITLE, WHETHER OR NOT THE ENTITY IS ORGANIZED UNDER THE LAWS OF THIS STATE.~~

~~14-102.~~

~~(A) THE PURPOSE OF THIS SUBTITLE IS:~~

~~(1) TO REGULATE THE FORMATION AND OPERATION OF NONPROFIT HEALTH SERVICE PLANS IN THE STATE; AND~~

~~(2) TO PROMOTE THE FORMATION AND EXISTENCE OF NONPROFIT HEALTH SERVICE PLANS IN THE STATE THAT:~~

~~(i) ARE COMMITTED TO A NONPROFIT CORPORATE STRUCTURE;~~

~~(ii) SEEK TO PROVIDE INDIVIDUALS, BUSINESSES, AND OTHER GROUPS WITH THE MOST AFFORDABLE AND ACCESSIBLE HEALTH INSURANCE POSSIBLE; AND~~

~~(iii) RECOGNIZE A RESPONSIBILITY TO CONTRIBUTE TO THE IMPROVEMENT OF THE OVERALL HEALTH STATUS OF MARYLAND RESIDENTS.~~