

JANUARY 14, 1993



# **PARTNERS IN PREVENTION**

**GOVERNOR WILLIAM DONALD SCHAEFER**

930070

JANUARY 14, 1993



# PARTNERS IN PREVENTION

**GOVERNOR WILLIAM DONALD SCHAEFER**



---

---

## A Message from the Governor

We start the New Year with reason for optimism: our economy is showing signs of improvement, we have a new President who has the people's confidence, and we have great opportunities to stimulate growth while tackling costly problems that plagued us through the recession.

There are two reasons we have had deficits in recent years: the slowdown in the economy and the high cost of providing services to ever-expanding programs in welfare, Medicaid, juvenile services and public safety. We cannot change the economy on our own, but we can change the number of people who end up the state's responsibility.

My legislative priorities challenge Maryland to move forward in areas of prevention, such as health, the environment, welfare reform, and work with children and parents. A small investment today can reap bigger dividends down the road saving Marylanders' lives, money and heartache, if we can call our citizens into a partnership in prevention.

Complementing my prevention initiatives are efforts to reduce crime, making Marylanders safer, and encouraging more cooperation between federal, state and local police. To ensure the economic growth we need to continue providing for our citizens, I also am proposing an economic development package that would stimulate manufacturing, help businesses provide insurance, and bolster the state's tourism and convention business.

Remember that Maryland will continue to grow in this time of opportunity only if we work together — as partners.



# ===== PREVENTION =====

## **FAMILY INITIATIVES**

Recognizing the unique problems of parents and their children, the Administration proposes a legislative package this year pushing family initiatives that would help reduce unwanted pregnancies and require parents to take more responsibility for their children. Measures in the package include increasing the state's ability to collect child support from parents, and making family planning services more available to men and women.

### **Reporting Arrears**

Despite outstanding child support debts, parents are currently able to buy a home, automobile, and other expensive items they may be unable to afford because the lending institution determines their ability to pay without the benefit of knowing about an outstanding child support debt.

To help prevent parents from overextending themselves financially and to help reduce the number of delinquent child obligors, the Administration proposes that the Child Support Enforcement Administration be allowed to report child support arrearages exceeding \$1,000 to consumer reporting agencies.

### **Health Insurance Coverage**

Following the lead of Texas and Washington, employed noncustodial parents, whose benefits include health insurance, would be required to place their children on their insurance plan if the custodial parent was unable to provide adequate health insurance coverage.

---

---

## **Community Service**

If a delinquent parent settles with the Child Support Enforcement Administration for less than the total amount of arrearages, community service will be required to reflect the balance due.

## **Grandparent Responsibility**

This proposal will hold grandparents financially responsible for their grandchildren when their minor children have children they are unable or unwilling to support.

## **Suspend/Revoke Driver's Licenses**

To encourage more responsible behavior, this measure will allow the state to suspend or revoke the driver's license of a parent delinquent in child support payments over a certain amount, or who has outstanding warrants.

## **Retroactive Child Support**

The Administration proposes that child support be retroactive from the time of support ordered to the time of separation. This would ensure continuous care of the children during divorce and custody proceedings.

## **Paternity**

Patterned after a Virginia law, hospital personnel would offer a "presumed" single father an opportunity to declare paternity upon the birth of his child. Such written acknowledgement of paternity would have the same legal effect as a court order declaring paternity, saving costs associated with court-established paternity.

---

---

## **FAMILY COURT**

Litigation in domestic relations matters continues to increase at an alarming rate, straining the court system with the complexity of laws relating to such disputes as the distribution of marital property and determination of alimony, child support, and custody.

The current legal system, responsible for adjudicating family along with criminal matters, is at risk of being dominated by a criminal docket which must, because of the requirement of timely hearings, take precedence over most family matters. Ironically, the lack of attention to family issues often leads to an increase in disputes, and the potential for criminal activity.

The current legal system is also fragmented. A single family may, at any one time, have various matters concerning them heard in the Circuit Court, the District Court, and the Juvenile Court by a variety of Judges and Masters who do not consult with each other and may be unaware of other issues in dispute not directly before them.

In agreement with recommendations made by the Governor's Task Force on Family Law, the Administration proposes both constitutional and statutory changes establishing a Family Court, independent and equal to the existing Circuit Court. Jurisdiction of the Family Court would include all dissolution matters, parenting issues, including custody and visitation, and child and spousal support. The court would also oversee all cases of abuse and neglect, juvenile delinquency and juvenile status offenders, guardianships and name change, family legal/medical issues, including the right to die and living wills as well as provide protection against domestic violence.

---

---

## **YOUTH ACCESS TO TOBACCO PRODUCTS**

Tackling Maryland's unfortunate distinction as having the nation's highest cancer death rate, Governor Schaefer has pushed an anti-cancer effort on educational, legislative, and medical fronts, singling out preventable and treatable forms of cervical, breast, prostate, and smoking-related cancers.

With promising new programs underway for those preventable forms of cancer, the Administration believes the emphasis on cancer prevention should now be focused on preventing and reducing the use of tobacco products, particularly among youth.

Studies show that 90 percent of all adult smokers began before age 18, with 3,000 adolescents in the United States taking up smoking each day. In 1990, 60,000 Maryland school children in grades 6-12 consumed 18.6 million packs of cigarettes, accounting for \$26.2 million in illegal sales. Eighty-two percent of those 12-17 year-old regular smokers purchased cigarettes on their own, despite laws prohibiting the sale of tobacco products to minors. Moreover, 78 percent of adolescent smokers purchase their cigarettes over the counter at convenience and grocery stores, gas stations, and pharmacies.

In agreement with recommendations made by the Maryland State Council on Cancer Control, the Administration proposes banning tobacco product "sampling," making it unlawful to distribute cigarettes or other tobacco products in any form without charge. The Administration also proposes restricting the placement of tobacco products, and increasing the penalties for those guilty of selling tobacco products to minors.

---

---

## **JUVENILE ALCOHOL USE**

Throughout the country it is illegal to sell or serve alcohol to people under the age of 21. And, in most states, it is illegal for anyone, regardless of age, to drive under the influence of alcohol. Yet in 1990, more than 3,500 youths across the nation aged 15 to 20 died in alcohol-related automobile accidents.

Young, inexperienced drivers, 16 to 17 years of age, even without the influence of alcohol or drugs, have twice the average number of accidents their first year of driving compared to experienced adult drivers. Coupled with the physical and psychological-impairing effects of alcohol, that risk becomes even greater.

Over the last few years, Maryland has taken a strong stand against underage drinking and driving. Maryland is only one of four states that has established a "zero tolerance" law, making it illegal for anyone under the age of 21 to drive with any measurable alcohol (.02) in their blood. To further control alcohol consumption by minors, the Motor Vehicles Administration imprints the driver's licenses of those under 21 with the words "Under 21 Alcohol restricted."

Maryland continues its commitment to the young driver with legislation that would be even more comprehensive to relating underage drinking to retention of driving privileges. Following the recommendations of the Governor's Executive Committee on Drunk Driving, the Administration proposes requiring the Motor Vehicle Administration to suspend the driver's license of any person under the age of 21 who is found to have committed a violation of Maryland alcohol use or possession laws or drunk driving.

---

---

## **AIDS REPORTING**

Under current requirements for reporting communicable diseases, doctors and hospitals must report the names of people with AIDS and symptomatic HIV infection. However, AIDS symptoms may not develop until as many as 10 years after a person is infected. As the number of people infected with HIV grows, Maryland must develop an accurate reporting system to know where prevention programs should be targeted and how many people will need treatment in the coming years.

Following a nationwide trend, the Administration last year proposed adding HIV infection to the list of communicable conditions. The legislation did not break new ground; with it, Maryland would have joined 25 states which already require reporting of this information. As a result, all laboratories and health care institutions would share information and confidentiality would continue to be preserved, with testing centers available for Marylanders who prefer an anonymous setting.

While critics opposed the reporting of names, it was agreed Maryland needed a more extensive reporting system. Therefore, a compromise was reached that would require reporting of HIV, but only through a unique identifier system. Working with members of the AIDS advocacy community, the Maryland Department of Health and Mental Hygiene (DHMH) determined that all suggested numbering systems resulted in too high of a duplication rate to be acceptable to DHMH or the Centers for Disease Control.

To ensure Maryland continues to have adequate resources to care for those infected, the Administration proposes to repeal reporting by unique identifier and replace it with the name reporting system originally proposed.

---

---

## **LOW EMISSIONS VEHICLES**

Maryland continues to have one of the worst ground-level ozone problems in the nation. Because of its poor air quality, Maryland must achieve a 15 percent reduction in emissions by 1997, and an additional 3 percent every year after until standards in the federal Clean Air Act are met. Since motor vehicles are responsible for over 60 percent of ozone-forming emissions, a large percentage of the necessary reductions must come from motor vehicle controls. The alternative: requiring costly emission reductions at vital Maryland industries.

The Administration continues to push for the adoption of a Low Emissions Vehicle (LEV) program, similar to the one required in California. The LEV program would enable Marylanders to purchase progressively "cleaner" cars by model year 1998, or sooner if surrounding states also approve the LEV program. By the turn of the century, low emission vehicles will produce at least 75 percent less ozone-harming emissions than standard vehicles.

Several states in the northeast have adopted the LEV program, and more will follow. Cars are currently under production that either meet or exceed requirements under the LEV program. Recently, major Maryland businesses received a \$4 million federal grant to continue development of non-polluting vehicles.

Failure to meet clean air requirements will mean the loss of federal highway funds, new restrictions placed on utilities, manufacturers and other stationary sources of air pollution, stalled progress in Chesapeake Bay clean up and continued unhealthy air for all Marylanders.

# == PUBLIC SAFETY ==

## **LAW ENFORCEMENT AUTHORITY**

Increasing crime across Maryland sorely tests the ability of state and local governments to provide enough manpower to investigate crimes and respond to emergencies. The job of fighting crime in Maryland demands more each year from law enforcement agencies at all levels. In 1992, Maryland's violent crime rate increased by as much as 15 percent, while Baltimore City and Baltimore County both set new homicide records.

With demands for law enforcement so great, and the resources so few, federal, state and local police must be able to share information and respond to emergencies and investigations where needed — regardless of the jurisdiction. Governor Schaefer continues working with local police chiefs to encourage more cooperation between jurisdictions and the Maryland State Police's new mission calls for greater coordination with federal and local authorities.

To compliment those efforts, Maryland must empower and remove any threat of liability for police officers in a position to help law enforcement efforts outside their jurisdictions. The Administration proposes granting federal law enforcement officers immunity from liability and the power to enforce state laws to the same extent as police officers in any jurisdiction.

A second proposal would allow local and state police officers to cooperate in investigations and make arrests in any Maryland jurisdiction. With both federal and local law enforcement officers, the new authority would apply in cases of joint investigations, in helping another officer or in an emergency.

---

---

## **ASSAULT PISTOLS BAN**

Critics of efforts to limit assault weapons sales generally argue that the guns do not surface in crimes often enough to merit a ban, and that Maryland has not had a "problem" with assault weapons. But Maryland's experience suggests otherwise. Police continue to confiscate these powerful weapons in shootouts and drug busts at a frightening rate, and last fall, two women were killed by a Mac-10 assault pistol in a Randallstown bank robbery.

In 1989, the General Assembly adopted a seven-day waiting period for 24 types of assault weapons. Between January 1, 1990 when the 1989 legislation took effect, and January 1, 1992, 2,361 semi-automatic assault weapons were sold, pointing to a brisk business for these deadly guns throughout Maryland.

Attempts through the General Assembly to impose an outright ban on assault rifles have been unsuccessful to date, yet the problem of growing access to military-style guns continues. This year, the Administration proposes banning the possession and sale of 15 specific types of semi-automatic assault pistols. Further, the Administration proposes banning the sale of large ammunition magazines that contain 15 or more rounds.

Though smaller in size, assault pistols are just as deadly as assault rifles, and in some ways are more dangerous because they can be easily concealed. These rapid-fire pistols, which have no useful purpose but to kill, fit easily under a jacket, and would never be used seriously for hunting or target practice. Maryland should take the step this year to protect police and citizens from the easy access to these deadly guns.

---

---

## **REGULATION OF GUN SHOW SALES**

Despite strict laws regulating the sale of handguns and other specified weapons, gun shows are open air markets where anyone can buy a firearm, no questions asked.

Maryland licensed firearms dealers who set up displays must comply with certain provisions of law, including requiring background checks and being subject to the seven-day waiting period. Those who display and sell their "private collections" are not. Anyone seeking to avoid criminal background checks when purchasing a firearm can easily do so by buying from a "private collection" seller.

Often, many "private collection" vendors have table displays that rival those of licensed dealers. They display video taped promotions, manufacturers' displays, offer new firearms for sale in original factory packaging, and travel the state to sell their "collections."

In reality, these individuals are in the deadly business of buying and selling firearms. However, current law does not specify when an individual crosses the threshold from conducting private sales to that of being a firearms dealer. To ensure all gun show participants adhere to the same provisions, the Administration proposes regulating sales at gun shows by requiring private individuals to obtain a temporary license, and providing that after displaying regulated firearms at more than five gun shows in a year, the person must obtain a permanent Pistol and Revolver Dealer's License. Sales at gun shows would also be subject to a 7-day waiting period and submission of the required purchase application forms. This law will not limit the amount of regulated firearms that a person can sell at a gun show.

---

---

## **CARJACKING**

The recent rash of carjackings throughout the state has caused an unprecedented amount of concern and general fear among Maryland's citizens. During the first nine months of 1992, 445 carjacking incidents were reported in the Baltimore-Washington metropolitan area. Twelve people were seriously injured or killed, while 39 others received minor injuries.

The crime of carjacking, the taking of a car by force or threat of force, is a danger to all as carjackers generally do not discriminate in terms of victim or model of car.

To help combat this violent crime, the Administration launched a full-scale public safety initiative to protect Marylanders from the escalating number of carjackings. A public education campaign has helped Marylanders understand how the crime is most often committed and what steps they can take to avoid becoming a victim of a carjacking.

Public service announcements advertised a free booklet, "Carjacking: Minimizing the Risk," which featured common-sense safety tips to help protect citizens from the threat of a carjacking. With the help of private sponsors to defray printing and postage costs, more than 7,500 people called a toll-free hotline to request 24,000 free booklets during the four weeks the hotline was open.

The next step: stronger legislation. The Administration proposes a specific crime for armed carjacking that carries a 15-year mandatory sentence without parole. Those found guilty of unarmed carjacking will receive a mandatory 15-year sentence with the possibility of parole.

---

---

## **VEHICLE THEFT**

Carjackings and car thefts continue to be among the fastest-increasing crimes in Maryland, especially among juveniles. Of the 35,517 vehicles reported stolen in 1991, juveniles accounted for 55 percent of the thefts, 15 percent above the national average. In the first nine months of 1992, more than 27,000 vehicles were reported stolen, a five percent increase over 1991 statistics. Projected 1992 totals exceed 37,000 with an estimated value of \$200 million.

The Governor's Commission on Vehicle Theft and Related Crimes recommends changes in the law to discourage car thefts and promote the use of grants for police and community groups. Acting on those recommendations, the Administration proposes a Maryland Motor Vehicle Theft Prevention Authority to provide grants and other help to police and citizens.

A similar group in Michigan that paid rewards to citizens providing tips to police helped recover nearly \$13 million worth of stolen vehicles and helped reduce the auto theft rate by 13 percent between 1986 and 1990. Nationally, car thefts increased over 40 percent during that same period. The program also allowed insurers to actually reduce automobile insurance premiums for their customers.

To discourage the re-sale of stolen vehicles, the Administration also proposes granting police greater access to examine vehicles on dealer lots, strengthening the laws that prohibit the removal or alteration of identification numbers on vehicles or vehicle parts, and prohibiting the exchange or sale of a manufacturer's vehicle identification plates or labels.

---

---

## **REGULATION OF SLOT MACHINES**

Although slot machines were legal in Maryland until the 1960's, serious criminal activity involving slot machines caused the General Assembly to outlaw the games for almost 20 years. In 1987, the General Assembly amended the gambling law, legalizing slot machines in most Eastern Shore counties. The Eastern Shore slots were authorized largely for philanthropic puposes: a portion of the proceeds from those machines are used for local charitable groups and causes.

Slot machines have an approximate 60-40 payoff. Under the 1987 authorizing legislation, of the 40 percent not paid to winners, 50 percent must be donated to charities, and the organization owning the slot machine retains the remaining 50 percent.

Currently, there is no central control or oversight of slot machines. With the existing system, there is no way to ensure confidence in the games and guarantee that no fraudulent activity occurs in dividing the earnings.

To ensure that there is adequate regulation of slot machines authorized in Maryland, and to ensure that gambling regulations are enforced, the Administration proposes that organizations who own slot machines be regulated by the Department of Licensing and Regulation (DLR) for auditing and oversight purposes. The enforcement of this law would be provided by the Maryland State Police.

In addition, the proposal would require slot machine vendors to report their activities to DLR. The existing requirement for registration of slot machines with the county would remain in place.

---

---

## **DE NOVO APPEALS**

Under current Maryland law, if a criminal case in the District Court is appealed to the Circuit Court, it is heard "de novo" or "a second time." This means that the trial conducted in the District Court must essentially be heard again from beginning to end, with the same witnesses, evidence, and arguments being repeated in the Circuit Court proceeding.

While defendants enjoy two full opportunities to be found innocent, and attorneys enjoy the ability to represent their clients at two court proceedings, the state's perspective is that the District Court proceeding has become a costly waste. The Administrative Office of the Courts reports that in the 1991 fiscal year alone, there were 4,500 de novo criminal appeals to the Circuit Court, at a time when the state's court caseload continues to increase.

The potential remedies to this problem have been considered before by the General Assembly, but the current fiscal constraints on Maryland's state budget bring a greater urgency to this debate. The spirit of economy makes it necessary to pursue all potential savings of taxpayer dollars in every area of the state.

The solution proposed the Administration would make appeals to the Circuit Courts "on the record" and would abolish the process that allows de novo appeals. This step will streamline Circuit Court proceedings, while avoiding the need to recall witnesses at another proceeding and to detain law enforcement officials from their vital task of protecting Maryland's communities and citizens. This change would also allow judges on both levels to better manage their busy dockets.

# **ECONOMIC DEVELOPMENT BUILDING PERFORMANCE STANDARDS**

Counties and municipalities in Maryland have broad authority to adopt, administer and enforce building codes. Today, 78 local jurisdictions enforce nine different building codes based on various editions of two national codes. Five counties have no building code.

This variation in building standards throughout the state causes significant confusion and frustration within the building industry. For example, a county may enforce one edition of the BOCA National Code with specified amendments, while a municipality within the same county may enforce a different version of BOCA with or without the local amendments, or it may use a different national code altogether.

This inconsistency makes it difficult for architects, builders, engineers, and other members of the construction community to discern exactly what building requirements are applicable to a particular site. The current system is considered by many to add to the cost of construction, negatively affecting the business climate in Maryland, and provides uneven and, at times, inadequate protection for public health and safety.

The Administration proposes to establish the Maryland Building Performance Standards to simplify the regulatory requirements facing builders without infringing upon local prerogatives. This uniform code will be based on the latest edition of the BOCA National Building Code. Using computer accessibility, local jurisdictions will administer the code and may adopt local amendments that are within the Standard's minimum requirements. Local enforcement activity would be funded by a federal technical assistance grant.

---

---

## **BALTIMORE CONVENTION CENTER**

The Baltimore Convention Center has been at the heart of Maryland's economy and tourism development efforts for 13 years, but the present facility has deteriorated and has been outpaced in size by larger convention centers in other cities. No longer the economic engine it once was for Baltimore and the state, the Convention Center needs both a facelift and an expansion to attract today's largest and most prestigious conventions.

Because of the Center's deficiencies, the state will lose at least \$60 million in hotel and sales taxes and other economic benefits that would have been paid by convention delegates had their conventions been held in Maryland. Instead, that money will be spent in other states and other cities with larger convention facilities.

To bolster the economic base of the city, and ensure that Maryland does not lose a vital source of tourism revenue, the Administration is proposing legislation this year that would authorize design and construction of a \$150 million expansion to the Convention Center, generating an estimated \$20 million per year in hotel and sales taxes. The expansion would create more than 2,000 jobs during construction and generate an estimated 6,600 new jobs in hotel, restaurant and other tourism-related industries.

Proposed financing requires Baltimore City to contribute one-third of the cost of construction. The Administration, viewing the Convention Center expansion as a boost to the entire state economy, proposes developing a financing plan agreeable to the General Assembly to cover the state's share of the project.

---

---

## **HEALTH INSURANCE REFORM**

Skyrocketing health care costs make it difficult for small businesses to obtain or afford health insurance coverage for employees. Of the 570,000 Marylanders without insurance, 74 percent are employees or dependents of employees, many of whom are employed by small businesses.

While historically health insurers used “community rating,” charging all people in the community or similar businesses the same rate, insurers have become more selective and charge rates based on a group’s health or claims history. Those varying charges mean Maryland’s small businesses either pay widely different rates for health insurance or cannot afford to obtain coverage.

Additionally, some employees with pre-existing health conditions find it hard to change jobs without losing some or all of their benefits because the new employer’s health insurer may impose exclusions limiting coverage for workers with health problems that pre-date their employment.

While the debate begins at the federal level on health care reform, Maryland can move this year to “level the playing field” for small business in obtaining health insurance, and can ensure that employees can move freely between jobs without jeopardizing their insurance.

The Administration proposes returning to community rating to spread the risk across the entire pool of insureds, and proposes prohibiting insurers from imposing pre-existing condition exclusions so that a Marylander with a health problem would not lose health coverage just by changing jobs. These two measures, complementing proposed federal reforms, would take Maryland a step closer toward reducing the ranks of the state’s uninsured.

---

---

## CONSUMER CREDIT

An October 1992 Court of Appeals decision has cast into doubt many common practices in Maryland's consumer credit industry. In interpreting that decision, financial institutions that made loans under Title 12, Subtitle 9 (Revolving Credit) and Subtitle 10 (Closed End Credit) of the Commercial Law Article, were surprised to learn that certain provisions in an older law might be applicable to their loan portfolios.

Therefore, because of what the Attorney General called "innocent" violations of the older law, a substantial number of loans throughout the state were made potentially uncollectible or voidable. At a minimum, Maryland's consumer credit industry has had to deal with a very uncertain situation.

The 1992 Court of Appeals decision, Biggus v. Ford Motor Credit Company affects not only banks, but any business that extends consumer credit, including car dealers, department stores and small retail stores -- potentially having a wide ranging impact. Given the present condition of Maryland's economy, and the hope that the state will continue its gradual recovery, the Administration believes that any action that might discourage consumer credit would be detrimental to the state at this time.

To address this serious problem the Administration proposes to both "forgive" the laws that the consumer credit industry did not realize were applicable and correct the basic conflicts between the statutes. As a balance of interests, important benefits to the consumer are included in the proposal.

# ===== EDUCATION =====

## **FATHER SELLINGER**

Over the past three decades, Joseph A. Sellinger, S.J. has been one of Maryland's most influential and respected educational, religious, and civic leaders. Known to thousands of Marylanders simply as "Father Joe," he has lived with grace, good humor, joy and love, touching the lives of countless men and women with his devotion to learning.

As president of Loyola College since 1964, Father Sellinger is the longest serving president in the history of higher education in Maryland. Under his leadership, Loyola College has become a nationally recognized coeducational institution, with satellite campuses throughout the Baltimore-Washington metropolitan area and quality educational programs overseas.

Father Sellinger has played a pivotal role in forging the partnership between independent higher education and the state, and is committed to preserving the state aid program for independent higher education institutions.

Maryland's state aid program, among the nation's most generous for private institutions, has been essential in assuring the quality and financial stability of Maryland's independent colleges and universities. In exchange, those institutions return the state's financial investment through teaching, conducting research, providing services to local communities, creating jobs, and bringing national and international attention to Maryland.

Recognizing Father Sellinger's continued dedication to preserving and enhancing the state aid formula and his lifetime commitment to education, the Administration proposes naming the program the Joseph A. Sellinger Program to State Aid to Non-public Institutions.

---

---

## MANUFACTURING STRATEGY

Developing and maintaining a growing economy is one of the most important challenges facing Maryland in the 1990's and beyond. The recession revealed Maryland's economy is overly dependent on the service and construction industries, which have been slow to recover. The economic downturn also showed that the state must do more to support the growth of manufacturing companies and new technology-based firms that will generate most of the high-paying jobs vital to Maryland's future economy.

Two business-led groups analyzed Maryland's competitive position with regard to attracting new manufacturing entities to the state, keeping existing Maryland manufacturers healthy, and retaining manufacturers who are at risk of closure. Comprised of representatives of business, labor, education, state government and the legislature, the groups worked with the Department of Economic and Employment Development to develop a set of initiatives to aid manufacturing and technology-based companies.

The proposed manufacturing strategy endorsed by the Administration would work to make meaningful changes:

- \* In improving Maryland's overall business climate,
- \* In delivering service and offering financial assistance,
- \* In urging business to work smarter, not just harder,
- \* In better training the work force,
- \* And in understanding and communicating the value of a career in manufacturing.

This strategy will diversify and strengthen Maryland's economic base as it enters the new century.

---

---

## **INSURANCE DIVISION ACCREDITATION**

By 1994, the National Association of Insurance Commissioners (NAIC) will require that all state insurance regulators become accredited, complying with the minimum standards set the by NAIC for the state to adequately regulate insurance companies. Failure to achieve NAIC accreditation in Maryland would hurt insurance companies headquartered in the state, because financial examination of Maryland-based companies would not be accepted by regulators in other states that are accredited. From an economic standpoint, it is important to remember that thousands of Maryland residents are employed by insurance companies.

NAIC standards require that insurance regulators have proper statutory authority for oversight, and a sufficient budget to cover needed personnel and to carry out statutory duties. The NAIC suggest each regulator be funded at a level of 10 percent of the premium tax revenues generated by insurers in the state.

Much of the required legislation Maryland needs for NAIC accreditation was enacted in the 1991 and 1992 General Assembly sessions. A few statutory changes and the budget component are still required in Maryland is to meet the NAIC standards by next year.

To ensure that Maryland insurance companies have the benefit of operating in an accredited state, the Administration proposes legislation regulating insurance brokers and the issuance of extraordinary dividends by insurers. To meet the NAIC's budgetary requirements, the Administration also proposes raising additional fees on the insurance industry and using the fee revenue to increase the budget resources of the Insurance Division.



*This publication will be made available in an alternative format for people with disabilities upon request.*

