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**TESTIMONY OF
AL REDMER, JR.
INSURANCE COMMISSIONER
BEFORE THE
TRANSPORTATION AND THE ENVIRONMENT SUBCOMMITTEE
OF THE
HOUSE APPROPRIATIONS COMMITTEE
FEBRUARY 16, 2017
AND THE
HEALTH AND HUMAN SERVICES SUBCOMMITTEE
OF THE
SENATE BUDGET AND TAXATION COMMITTEE
FEBRUARY 17, 2017**

Thank you, Subcommittee Chair and Members, for the opportunity to appear before you this afternoon. I am Al Redmer, Jr., Maryland's Insurance Commissioner. With me today are Paula Keen, Chief Information Officer, and Phil Ermer, Executive Director of Company Licensing & Premium Tax. Also with me today are Nancy Grodin, Deputy Commissioner; Cathy Grason, Chief of Staff; Godwin Ehirim, Director of Fiscal Services; Nick Cavey, Assistant Director of Government Relations; and Michael Paddy, Legislative and Regulatory Analyst.

I would like to thank Sierra Boney of the Department of Legislative Services for her analysis of the Maryland Insurance Administration's (MIA) FY 2018 budget. I would also like to thank Jennifer McIlvaine of the Department of Budget and Management for her assistance in the development of the Administration's FY 2018 budget.

I will comment briefly on the areas in which the Department of Legislative Services (DLS) made recommendations or invited MIA comment. First, I will address the recommendation that the MIA eliminate two contractual positions. Next, I will address the MIA's premium tax processes as well as the status of the MIA's procurement of an online premium tax collection system. If you would like a copy of any documentation which supports my testimony today, please see Nick Cavey.

The Maryland Insurance Administration is an independent unit of State government organized in accordance with Title 2, Subtitle 1 of the Insurance Article. The MIA is responsible for enforcing the laws governing the business of insurance within the State. The agency promulgates regulations to carry out the Insurance Article and issues bulletins and other guidance for the insurance industry and consumers of insurance products in the State. The MIA does not receive any money from the State's General Fund. The Administration is a specially funded state agency supported entirely through fees and assessments on the insurance industry.

I. The Department of Legislative Services recommends that the MIA eliminate two new contractual positions.

MIA Response:

The MIA agrees with DLS and will eliminate two new contractual positions.

II. The Department of Legislative Services recommends that the MIA comment on the premium tax processes and the status of the online premium tax collection system.

MIA Response:

Premium Tax Processes: Premium tax payments and tax returns are received by email or in the MIA's mail room where they are logged in. The checks are deposited and the totals reconciled. The premium tax return is now forwarded to the premium tax audit group, a division of the Examination and Audit Unit, where each is audited.

Status of the Online Premium Tax Collection System: In March 2016, the MIA's FY 2017 budget was approved and included \$250,000 for a new Premium Tax System. The MIA has been working with the Department of Information Technology to draft a solicitation. The Office of the Attorney General is now reviewing the request for proposal and upon completing its review, the solicitation will be issued.

Thank you again for the opportunity to appear before you today. I am happy to address any questions you may have.