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THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991
DEPARTMENT OF INSURANCE
SECURITIES AND BANKING

September 3, 2009

Gennet Purcell, Commissioner
Department of Insurance, Securities, and Banking
District of Columbia
810 First St., NE, Suite 701
Washington, DC 20002

Dear Commissioner Purcell:

We are respectfully submitting this letter in connection with your review of the reserves held by Group Hospitalization and Medical Services, Inc. (GHMSI) in advance of the public hearing scheduled for September 10 under the Medical Insurance Empowerment Amendment Act of 2008. We request that you include this letter in the record of the September 10 hearing.

Generally, we are supportive of efforts to hold GHMSI accountable for its nonprofit mission. As the chairs of the Senate Finance and House Health and Government Operations committees of the Maryland General Assembly, we too are interested in ensuring GHMSI meets its nonprofit mission while at the same time ensuring policyholders are protected and the company remains vibrant.

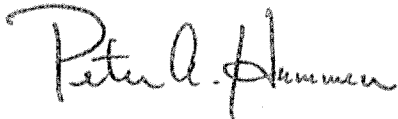
We are acutely aware of the unique regulatory environment GHMSI operates in and have taken action to make sure our Insurance Commissioner has the tools needed to protect Maryland residents and policies. This includes reviewing the surplus of CareFirst of Maryland, Inc. (CFMI) and GHMSI to determine if it is excessive and if it is excessive to order a plan for distribution that is fair and reasonable. Our Insurance Commissioner has retained the Invotex firm to review the surplus of CareFirst of Maryland, Inc. (CFMI) and GHMSI on an individual and consolidated basis. Invotex has been asked to provide advice to our Insurance Commissioner on how to approach the question of allocating the surplus between jurisdictions if it is found to be excessive.

Because of our common interest in GHMSI, we hope you will work closely with the Maryland Insurance Commissioner if you decide that GHMSI's surplus is excessive to ensure a fair and equitable distribution of the surplus to policyholders in Maryland and the District of Columbia.

Gennet Purcell, Commissioner
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Thank you very much for considering our viewpoints and the common interests of our jurisdictions.

Sincerely,



Peter A. Hammen
Chairman, House Health
and Government Operations Committee



Thomas McLain Middleton
Chairman, Senate Finance Committee

PAH:TMM/MLG/ncs