# SENATE BILL 120

C4 1lr0036

(PRE–FILED)

By: **Chair, Finance Committee (By Request – Departmental – Maryland Insurance Administration)**
Requested: September 29, 2020
Introduced and read first time: January 13, 2021
Assigned to: Finance

Committee Report: Favorable
Senate action: Adopted
Read second time: February 3, 2021

CHAPTER ______

AN ACT concerning

**Insurance – Credit for Reinsurance Model Law – Revisions**

FOR the purpose of authorizing the Maryland Insurance Commissioner to adopt certain rules and regulations applicable to certain reinsurance arrangements; limiting the application of the rules and regulations to certain reinsurance; providing that the rules and regulations may require a certain insurer to use a certain manual for a certain purpose; prohibiting the regulations from applying to certain cessions to certain assuming insurers; and generally relating to insurance and reinsurance.

BY repealing and reenacting, with amendments,
Article – Insurance
Section 5–916
Annotated Code of Maryland
(2017 Replacement Volume and 2020 Supplement)

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

**Article – Insurance**

5–916.

**(A)** The Commissioner may adopt**:**

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
**[**Brackets**]** indicate matter deleted from existing law.
Underlining indicates amendments to bill.
~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

**(1)** regulations to carry out this subtitle**; AND**

**(2) RULES AND REGULATIONS APPLICABLE TO REINSURANCE ARRANGEMENTS DESCRIBED IN SUBSECTION (B) OF THIS SECTION**.

**(B) (1) A RULE OR REGULATION ADOPTED UNDER SUBSECTION (A)(2) OF THIS SECTION MAY APPLY ONLY TO REINSURANCE RELATING TO:**

**(I) LIFE INSURANCE POLICIES WITH GUARANTEED NONLEVEL GROSS PREMIUMS OR GUARANTEED NONLEVEL BENEFITS;**

**(II) UNIVERSAL LIFE INSURANCE POLICIES WITH PROVISIONS RESULTING IN THE ABILITY OF A POLICYHOLDER TO KEEP A POLICY IN FORCE OVER A SECONDARY GUARANTEE PERIOD;**

**(III) VARIABLE ANNUITIES WITH GUARANTEED DEATH OR LIVING BENEFITS;**

**(IV) LONG–TERM CARE INSURANCE POLICIES; OR**

**(V) OTHER LIFE AND HEALTH INSURANCE AND ANNUITY PRODUCTS AS TO WHICH THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS ADOPTS MODEL REGULATORY REQUIREMENTS WITH RESPECT TO CREDIT FOR REINSURANCE.**

**(2) A RULE OR REGULATION ADOPTED UNDER SUBSECTION (A)(2) OF THIS SECTION THAT APPLIES TO REINSURANCE RELATING TO POLICIES SPECIFIED UNDER PARAGRAPH (1)(I) OR (II) OF THIS SUBSECTION MAY APPLY TO ANY TREATY CONTAINING:**

**(I) POLICIES ISSUED ON OR AFTER JANUARY 1, 2015; OR**

**(II) POLICIES ISSUED BEFORE JANUARY 1, 2015, IF THE RISK PERTAINING TO THE PRE–2015 POLICIES IS CEDED IN CONNECTION WITH THE TREATY, IN WHOLE OR IN PART, ON OR AFTER JANUARY 1, 2015.**

**(3) A RULE OR REGULATION ADOPTED UNDER SUBSECTION (A)(2) OF THIS SECTION MAY REQUIRE THE CEDING INSURER, IN CALCULATING THE AMOUNTS OR FORMS OF SECURITY REQUIRED TO BE HELD UNDER REGULATIONS ADOPTED UNDER SUBSECTION (A)(2) OF THIS SECTION, TO USE THE VALUATION MANUAL ADOPTED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS IN ACCORDANCE WITH § 5–313 OF THIS TITLE, INCLUDING ALL AMENDMENTS ADOPTED**

**BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS AND IN EFFECT ON THE DATE THE CALCULATION IS MADE, TO THE EXTENT APPLICABLE.**

**(4) A RULE OR REGULATION ADOPTED UNDER SUBSECTION (A)(2) OF THIS SECTION MAY NOT APPLY TO A CESSION TO AN ASSUMING INSURER THAT:**

**(I) MEETS THE CONDITIONS SET FORTH IN § 5–917 OF THIS SUBTITLE;**

**(II) IS CERTIFIED IN THIS STATE IN ACCORDANCE WITH § 5–904(F) OF THIS SUBTITLE; OR**

**(III) 1. MAINTAINS AT LEAST $250,000,000 IN CAPITAL AND SURPLUS WHEN DETERMINED IN ACCORDANCE WITH THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS ACCOUNTING PRACTICES AND PROCEDURES MANUAL, INCLUDING ALL AMENDMENTS ADOPTED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, EXCLUDING THE IMPACT OF ANY PERMITTED OR PRESCRIBED PRACTICES; AND**

**2. A. IS LICENSED IN AT LEAST 26 STATES; OR**

**B. IS LICENSED IN AT LEAST 10 STATES AND IS LICENSED OR ACCREDITED IN A TOTAL OF AT LEAST 35 STATES.**

**(C) THE AUTHORITY OF THE COMMISSIONER TO ADOPT REGULATIONS UNDER SUBSECTION (A)(2) OF THIS SECTION DOES NOT LIMIT THE COMMISSIONER'S GENERAL AUTHORITY TO ADOPT REGULATIONS UNDER SUBSECTION (A)(1) OF THIS SECTION.**

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2021.

Approved:

________________________________________

Governor.

________________________________________

President of the Senate.

________________________________________

Speaker of the House of Delegates.