

SENATE BILL 188

C4

2lr0016

(PRE-FILED)

By: **Chair, Finance Committee (By Request – Departmental – Maryland Insurance Administration)**

Requested: October 4, 2021

Introduced and read first time: January 12, 2022

Assigned to: Finance

Committee Report: Favorable

Senate action: Adopted

Read second time: February 1, 2022

CHAPTER _____

1 AN ACT concerning

2 **Insurance – Managing General Agents – Review Requirements**

3 FOR the purpose of repealing the requirement that an insurer's review of the underwriting
4 and claims processing operations of its managing general agent be conducted
5 on-site; and generally relating to the review of managing general agents by insurers.

6 BY repealing and reenacting, with amendments,
7 Article – Insurance
8 Section 8–210
9 Annotated Code of Maryland
10 (2017 Replacement Volume and 2021 Supplement)

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

13 **Article – Insurance**

14 8–210.

15 (a) (1) An insurer shall maintain independent financial examinations, in a
16 form acceptable to the Commissioner, of each managing general agent with whom the
17 insurer has done business.

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.



(2) The insurer shall keep records for at least 5 years.

(b) (1) If, by contract, an insurer allows a managing general agent to maintain loss reserves, the insurer annually shall get an opinion, attesting to the adequacy of the loss reserves established, from an independent actuary who is a member in good standing of the American Academy of Actuaries.

(2) The insurer shall keep the report of the actuary for at least 5 years.

(c) At least twice a year, an insurer shall conduct [an on-site] A review of the underwriting and claims processing operations of its managing general agent.

(d) (1) Within 30 days after entering into or terminating a contract with a managing general agent, an insurer shall notify the Commissioner in writing of doing so.

(2) The notice of entering into a contract shall include:

(i) a statement of the duties and responsibilities of the managing general agent;

(ii) the lines of insurance that the managing general agent is contractually authorized to negotiate, procure, or bind for the insurer;

(iii) a copy of the contract; and

(iv) any other information or documentation that the Commissioner requests.

(e) Unless the relationship between an insurer and managing general agent is controlled by and disclosed under Title 7, Subtitle 6 or 7 of this article, the insurer may not have on its board of directors an officer, director, employee, agent, or shareholder of its managing general agent.

(f) (1) Each insurer shall review its books and records each quarter to determine if any insurance producer has become a managing general agent.

(2) If the insurer determines that an insurance producer has become a managing general agent:

(i) the insurer promptly shall notify the insurance producer and the Commissioner of the determination; and

(ii) the insurer and insurance producer must comply fully with the provisions of this subtitle within 30 days after the determination.

(G) THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THIS SECTION.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2022.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.