

§1495. Duties of insurers

1. Records for each MGA. The insurer shall require and maintain on file an independent financial examination of current origin prepared on the basis of statutory accounting prescribed or permitted by the superintendent respecting each MGA with which the insurer has done business.

[PL 1997, c. 573, §1 (NEW); PL 1997, c. 573, §2 (AFF).]

2. Actuarial review. If an MGA establishes loss reserves, the insurer shall annually obtain the opinion of an actuary or actuaries who specialize in the type of insurance under consideration, attesting to the adequacy of loss reserves established for losses incurred and outstanding on business produced by the MGA. This requirement is in addition to any other required loss reserve certification.

[PL 1997, c. 573, §1 (NEW); PL 1997, c. 573, §2 (AFF).]

3. On-site review. The insurer shall periodically and at least semiannually conduct an on-site review of the underwriting and claims processing operations of the MGA.

[PL 1997, c. 573, §1 (NEW); PL 1997, c. 573, §2 (AFF).]

4. Binding authority. Binding authority for all reinsurance contracts or participation in insurance or reinsurance syndicates rests with an officer of the insurer, who may not be affiliated with the MGA.

[PL 1997, c. 573, §1 (NEW); PL 1997, c. 573, §2 (AFF).]

5. Notice of termination. Within 30 days of termination of a contract with an MGA, the insurer shall provide written notification of that termination to the superintendent.

[PL 1997, c. 573, §1 (NEW); PL 1997, c. 573, §2 (AFF).]

6. Quarterly review. An insurer shall review its books and records each quarter to determine if any producer has become, by operation of section 1492, subsection 3, an MGA as defined in that section. If the insurer determines that its producer has become an MGA, the insurer shall promptly notify the producer and the superintendent of that determination and the insurer and producer must fully comply with the provisions of this subchapter within 30 days.

[PL 1997, c. 573, §1 (NEW); PL 1997, c. 573, §2 (AFF).]

7. Board member qualifications. An insurer may not appoint to its board of directors an officer, director, employee, producer or controlling shareholder of its managing general agents. This subsection does not apply to relationships governed by section 222 or chapter 77 to the extent that control of an insurer is permissible under section 222 or chapter 77.

[PL 1997, c. 573, §1 (NEW); PL 1997, c. 573, §2 (AFF).]

SECTION HISTORY

PL 1997, c. 573, §1 (NEW). PL 1997, c. 573, §2 (AFF).

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