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HB 1017/96 - ECM

1997 Regular Session
7r2000
CF 7r2306

By: Delegate Harrison

Introduced and read first time: January 27, 1997
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: February 12, 1997

CHAPTER ____

1 AN ACT concerning

2 **Insurance - Change of Agent or Broker of Record**

3 FOR the purpose of requiring an authorized insurer to accept and honor a request by a
4 policyholder for a change of agent or broker of record within a certain time period
5 under certain circumstances; requiring a new agent or broker of record to have a
6 current appointment or contract with the authorized insurer before the change of
7 agent or broker of record will be effective; requiring a new agent or broker of record
8 to be paid certain commissions under certain circumstances; requiring a request for
9 a change of agent or broker of record to be in writing and include certain
10 information; providing that this Act does not require an authorized insurer to
11 appoint or contract with an agent or broker of record; and generally relating to a
12 change of agent or broker of record in insurance.

13 BY adding to

14 Article - Insurance
15 Section 27-911
16 Annotated Code of Maryland
17 (1995 Volume and 1996 Supplement)
18 (As enacted by Chapter ____ (H.B. 11) of the Acts of the General Assembly of
19 1997)

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

2

1 **Article - Insurance**

2 27-911.

3 (A) EACH AUTHORIZED INSURER DOING BUSINESS IN THE STATE SHALL
4 ACCEPT AND HONOR EACH REQUEST BY A POLICYHOLDER FOR A CHANGE OF
5 AGENT OR A CHANGE OF BROKER OF RECORD WITHIN 30 WORKING DAYS AFTER
6 RECEIPT OF THE REQUEST UNLESS THE POLICYHOLDER WITHDRAWS THE REQUEST
7 IN WRITING.

8 (B) THE NEW AGENT OR BROKER OF RECORD MUST HAVE A CURRENT
9 APPOINTMENT OR CONTRACT WITH THE AUTHORIZED INSURER BEFORE THE
10 CHANGE OF AGENT OR BROKER OF RECORD WILL BE EFFECTIVE.

11 (C) (1) SUBJECT TO THE PROVISIONS OF PARAGRAPH (2) OF THIS
12 SUBSECTION, THE NEW AGENT OR BROKER OF RECORD SHALL BE PAID ALL
13 COMMISSIONS PAYABLE ON THE POLICY EFFECTIVE NOT LATER THAN THE NEXT
14 ANNIVERSARY DATE OF THE POLICY FOLLOWING THE DATE OF CHANGE.

15 (2) THE COMMISSIONS PAYABLE UNDER PARAGRAPH (1) OF THIS
16 SUBSECTION DO NOT INCLUDE:

17 (I) VESTED LIFE INSURANCE COMMISSIONS; OR

18 (II) SUPPLEMENTAL HEALTH INSURANCE COMMISSIONS.

19 (D) A REQUEST FOR A CHANGE OF AGENT OR BROKER OF RECORD SHALL:

20 (1) BE IN WRITING; AND

21 (2) INCLUDE:

22 (I) THE POLICYHOLDER'S NAME AND ADDRESS;

23 (II) THE AUTHORIZED INSURER'S NAME AND ADDRESS;

24 (III) THE POLICY NUMBER;

25 (IV) THE NAME AND ADDRESS OF THE NEW AGENT OR BROKER OF
26 RECORD;

27 (V) THE EFFECTIVE DATE OF THE REQUEST; AND

28 (VI) THE SIGNATURE OF THE POLICYHOLDER.

29 (E) THIS SECTION DOES NOT REQUIRE AN AUTHORIZED INSURER TO
30 APPOINT OR CONTRACT WITH AN AGENT OR BROKER OF RECORD.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 October 1, 1997.

