Article - Insurance

[Previous][Next]

§13–116.

(a) An authorized insurer that issues coverage under this title may not engage in fronting agreements with unauthorized insurers with respect to any insurance written or issued in the State under which the authorized insurer by reinsurance or otherwise transfers to one or more unauthorized insurers:

(1) substantially the entire risk of loss under substantially all of the insurance written by the authorized insurer in the State;

(2) all of a kind, line, type, or class of insurance;

(3) all of the business produced through an insurance producer or agency;

(4) all of the business in a designated geographical area; or

(5) all of the business written on a policy form.

(b) (1) This section does not apply to an unauthorized insurer if the unauthorized insurer:

(i) files an annual statement with the Commissioner in accordance with § 4-116 of this article;

(ii) maintains reserves on its life insurance and health insurance business in accordance with § 5-203 and Title 5, Subtitle 3 of this article;

(iii) meets the requirements of Title 5, Subtitles 1 through 5 of this article with regard to the valuation of its assets and liabilities;

(iv) allows examination by the Commissioner in accordance with §§ 2-205 through 2-209 of this article; and

(v) has maintained on its behalf security on deposit with the Commissioner equal to the amount by which the capital and surplus required of an authorized insurer under §§ 4-104 and 4-105 of this article exceeds the actual capital and surplus of the unauthorized insurer.

(2) The security required under paragraph (1)(v) of this subsection may consist of:

(i) cash;

(ii) an irrevocable letter of credit issued by a bank domiciled in the State that may be terminated only after 30 days' written notice by certified mail to the

Commissioner;

(iii) obligations, valued at the lower of market value or par value, that are general obligations of, or obligations guaranteed by, the federal government, the State, or a political subdivision of the State; or

(iv) any other type of security that would be acceptable to the Commissioner if posted by a domestic insurer or foreign insurer.

[Previous][Next]