

## Article - Insurance

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§4–118.

(a) The Commissioner may not recognize any person as a qualified independent certified public accountant unless the person:

(1) is in good standing:

(i) with the Maryland State Board of Public Accountancy; and

(ii) with the appropriate state board of accountancy of any other state in which the accountant is licensed to practice; or

(2) in the case of a Canadian or British accountant, is a chartered accountant.

(b) Except as otherwise provided in this section, an independent certified public accountant shall be recognized as qualified as long as the accountant conforms to:

(1) for any certified public accountant not licensed in this State, the standards of the accountancy profession, as contained in the Code of Professional Ethics of the American Institute of Certified Public Accountants; or

(2) (i) Title 2 of the Business Occupations and Professions Article; and

(ii) the regulations and rules of professional conduct established by the Maryland State Board of Public Accountancy.

(c) (1) (i) A partner in an accounting firm responsible for preparing an audited financial report under § 4–116 of this subtitle for an insurer may not act in that capacity for more than 5 consecutive years for the same insurer.

(ii) If a partner in an accounting firm responsible for preparing an audited financial report under § 4–116 of this subtitle for an insurer exceeds 5 consecutive years in that capacity, the partner shall be disqualified from acting in the same or similar capacity for that insurer or its insurance subsidiaries or affiliates for a period of not less than 5 consecutive years.

(2) (i) An insurer may apply to the Commissioner for an exception from the prohibition of paragraph (1) of this subsection on the basis of unusual circumstances.

(ii) In determining whether unusual circumstances exist that would justify the granting of an exception, the Commissioner may consider:

1. the number of partners in the accounting firm currently

used by the insurer, the expertise of the partners in that firm, and the number of insurance clients of that firm;

2. the premium volume of the insurer; and

3. the number of jurisdictions in which the insurer transacts business.

(d) The Commissioner may not recognize as a qualified independent certified public accountant, or accept any audited financial report prepared in whole or in part by, any individual who:

(1) has been convicted of fraud, bribery, a violation of the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. §§ 1961-1968, or any dishonest conduct or practices under federal or State law;

(2) has violated the insurance laws of this State with respect to any audited financial reports previously submitted by that individual;

(3) has violated any provision of Title 2 of the Business Occupations and Professions Article or any regulation or rule of professional conduct established by the State Board of Public Accountancy; or

(4) has demonstrated a pattern or practice of failing to detect or disclose material information in any audited financial reports previously submitted by that individual.

(e) (1) Subject to §§ 2-210 through 2-215 of this article, the Commissioner may hold a hearing to determine whether a certified public accountant is qualified.

(2) After considering the evidence presented at the hearing, the Commissioner shall rule on whether the accountant is qualified for purposes of expressing an opinion on the financial statements in the audited financial report required under § 4-116 of this subtitle.

(3) If the Commissioner finds that the accountant is not qualified, the Commissioner shall require the insurer to replace the accountant with another who is qualified as provided under this section.

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