

Article - Insurance

[Previous][Next]

§8-515.

(a) (1) A person may not act as a reinsurance manager for a reinsurer without a written contract that:

(i) states the responsibilities of the reinsurance manager and the reinsurer; and

(ii) is approved by the board of directors of the reinsurer.

(2) A reinsurance manager may not assign the contract required under this section.

(b) At least 30 days before a reinsurer assumes or cedes business through a reinsurance manager, a copy of the contract required under this section shall be filed with the Commissioner for approval.

(c) The contract required by this section:

(1) shall state the rates, terms, and purposes of commissions, charges, and other fees that the reinsurance manager may impose against the reinsurer; and

(2) shall provide that:

(i) the reinsurer shall have reasonable access to and the right to copy all accounts and records maintained by the reinsurance manager that relate to business transactions with the reinsurer;

(ii) the reinsurance manager shall maintain accounts and records in a form usable by the reinsurer;

(iii) the reinsurance manager may not retain for more than 3 months estimated claims payments and allocated loss adjustment expenses;

(iv) the reinsurer may:

1. terminate the contract for cause on written notice to the reinsurance manager; and

2. suspend immediately the authority of the reinsurance manager to assume or cede business during the pendency of a dispute about the termination of the contract; and

(v) the reinsurance manager shall:

1. render accounts to the reinsurer detailing all material transactions, including information necessary to support the commissions, charges, and other fees received by or owed to the reinsurance manager;
2. remit to the reinsurer at least monthly all funds due under the contract;
3. hold in a fiduciary capacity in a qualified financial institution all funds collected for the account of the reinsurer;
4. keep a separate bank account for each reinsurer that the reinsurance manager represents;
5. comply with the written underwriting and rating standards established by the authorized insurer for the acceptance, rejection, or cession of all risks;
6. provide annually to the reinsurer a statement of the reinsurance manager's financial condition prepared by an independent certified accountant; and
7. disclose to the reinsurer any relationship of the reinsurance manager with an authorized insurer before ceding or assuming business with the authorized insurer in accordance with the reinsurance contract.

(d) (1) If the contract required by this section allows the reinsurance manager to settle claims for the reinsurer:

- (i) all claims shall be reported to the reinsurer in a timely manner;
- (ii) the reinsurance manager shall provide the reinsurer with a copy of each claim file that:
 1. is requested by the reinsurer;
 2. involves a coverage dispute;
 3. may exceed the reinsurance manager's settlement authority;
 4. remains open for more than 6 months after the date the reinsurance manager receives the claim;
 5. has the potential to exceed the lesser of an amount determined by the Commissioner or a limit set by the reinsurer; or
 6. is closed by payment of the lesser of the amount determined by the Commissioner or the limit set by the reinsurer;

(iii) 1. the settlement authority granted to a reinsurance manager under the contract may be terminated for cause on 30 days' notice from the reinsurer to the reinsurance manager or on termination of the contract; and

2. the reinsurer may suspend the settlement authority of the reinsurance manager during the pendency of a dispute about the cause for termination;

(iv) except as provided in paragraph (2) of this subsection, all claim files are joint property of the reinsurer and reinsurance manager; and

(v) the reinsurer shall have reasonable access to and the right to copy the claim files on a timely basis.

(2) If the Commissioner obtains an order of liquidation, rehabilitation, reorganization, or conservation against a reinsurer, the files become the sole property of the liquidator, rehabilitator, conservator, or receiver.

(e) If the contract required by this section allows a sharing of interim profits by the reinsurance manager, the interim profits may not be paid until:

(1) (i) 1 year after the end of each underwriting period for property insurance business;

(ii) 5 years after the end of each underwriting period for casualty insurance business; or

(iii) a longer period that the Commissioner sets for a specific line of insurance; and

(2) the adequacy of reserves on remaining claims is verified as provided in § 8-520(a)(3) of this subtitle.

[Previous][Next]