

**Department of Legislative Services**  
Maryland General Assembly  
2020 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

Senate Bill 93

(Chair, Finance Committee)(By Request - Departmental -  
Maryland Insurance Administration)

Finance

Economic Matters

**Insurance - Nonresident Insurance Producers - Cancellation**

This departmental bill establishes qualifications for *maintaining* a nonresident insurance producer license; specifically, a licensee must be (1) currently licensed as a resident insurance producer in the licensee's home state and (2) in good standing in the licensee's home state. The Maryland Insurance Commissioner is authorized to *cancel* (rather than having to deny, suspend, or revoke) the license of a nonresident insurance producer after receiving notice that the person is no longer licensed in the person's home state.

**Fiscal Summary**

**State Effect:** The bill is not anticipated to materially affect State operations or finances.

**Local Effect:** The bill does not directly affect local governmental operations or finances.

**Small Business Effect:** The Maryland Insurance Administration (MIA) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

**Analysis**

**Current Law:** An insurance producer is a person licensed by MIA to sell insurance in the State on behalf of an insurer. An applicant must be of good character and trustworthy, meet any education requirements specified by law and set by the Commissioner, and pay any applicable license fee. The Commissioner is authorized to waive these requirements under specified circumstances.

If an applicant for an insurance producer license is not a resident of the State, the applicant may instead obtain a nonresident insurance producer license. MIA may issue such a license to an applicant if:

- the applicant is currently licensed as a resident insurance producer and in good standing in the applicant's home state;
- the applicant has submitted an application for licensure, as specified;
- the applicant has paid the applicable license fee; and
- the applicant's home state awards nonresident insurance producer licenses to residents of Maryland on the same basis.

**Background:** The only actions the Commissioner can currently take against a nonresident producer who lacks a home state license are denial, suspension, and revocation – all of which are adverse actions that must be reported by the producer to other jurisdictions. A nonresident insurance producer may surrender his or her home state license for a reason that is not deserving of an adverse action, but MIA must take an adverse action against that person anyway. The bill, therefore, corrects this limitation by allowing the Commissioner to cancel the license, which is not considered an adverse action.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - January 8, 2020  
mr/jc Third Reader - January 24, 2020

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**ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES**

TITLE OF BILL: Insurance – Nonresident Insurance Producers - Cancellation

BILL NUMBER: SB 93

PREPARED BY:  
(Dept./Agency) Maryland Insurance Administration

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

  X   WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND  
SMALL BUSINESS

OR

       WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND  
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

There is no fiscal impact on small business associated with this legislation.