

MARYLAND REGISTER

Proposed Action on Regulations

Transmittal Sheet PROPOSED OR REPROPOSED Actions on Regulations	Date Filed with AELR Committee	TO BE COMPLETED BY DSD
	08/07/2020	Date Filed with Division of State Documents
		Document Number
		Date of Publication in MD Register

1. Desired date of publication in Maryland Register: 9/11/2020

2. COMAR Codification

Title Subtitle Chapter Regulation

31 03 19 01

3. Name of Promulgating Authority

Maryland Insurance Administration

4. Name of Regulations Coordinator Telephone Number
Lisa M Larson 410-468-2007

Mailing Address

200 St. Paul Pl., Ste. 2700

City State Zip Code
Baltimore MD 21202

Email

lisa.larson@maryland.gov

5. Name of Person to Call About this Document Telephone No.
Lisa Larson 410-468-2007

Email Address

lisa.larson@maryland.gov

6. Check applicable items:

- X- New Regulations
- _ Amendments to Existing Regulations
 Date when existing text was downloaded from COMAR online: .
- _ Repeal of Existing Regulations
- _ Recodification

- Incorporation by Reference of Documents Requiring DSD Approval
- Reproposal of Substantively Different Text:

: Md. R
(vol.) (issue) (page nos) (date)

Under Maryland Register docket no.: --P.

7. Is there emergency text which is identical to this proposal:

Yes No

8. Incorporation by Reference

Check if applicable: Incorporation by Reference (IBR) approval form(s) attached and 18 copies of documents proposed for incorporation submitted to DSD. (Submit 18 paper copies of IBR document to DSD and one copy to AELR.)

9. Public Body - Open Meeting

OPTIONAL - If promulgating authority is a public body, check to include a sentence in the Notice of Proposed Action that proposed action was considered at an open meeting held pursuant to General Provisions Article, §3-302(c), Annotated Code of Maryland.

OPTIONAL - If promulgating authority is a public body, check to include a paragraph that final action will be considered at an open meeting.

10. Children's Environmental Health and Protection

Check if the system should send a copy of the proposal to the Children's Environmental Health and Protection Advisory Council.

11. Certificate of Authorized Officer

I certify that the attached document is in compliance with the Administrative Procedure Act. I also certify that the attached text has been approved for legality by Ioannis Laskaris, Assistant Attorney General, (telephone #410-468-2033) on 07/17/2020. A written copy of the approval is on file at this agency.

Name of Authorized Officer

Kathleen A. Birrane

Title

Insurance Commissioner

Telephone No.

410-468-2741

Date

08/06/2020

Title 31

MARYLAND INSURANCE ADMINISTRATION
Subtitle 03 INSURANCE PRODUCERS AND OTHER INSURANCE
PROFESSIONALS

31.03.19 Managing General Agents

Authority: Insurance Article, §§ 8-201(c), 8-207, 8-209, Annotated Code of Maryland

Notice of Proposed Action

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The Insurance Commissioner proposes to adopt new regulation .01 under a newly adopted COMAR chapter, 31.03.19 Managing General Agents.

Statement of Purpose

The purpose of this action is to adopt new regulation .01 under new COMAR chapter 31.03.19 Managing General Agent. Specifically, Insurance Article Section 8-207, Annotated Code of Maryland, states that the Insurance Commissioner may by regulation require a managing general agent to carry certain errors and omissions and surety coverage. This regulation implements these requirements.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

The proposed action has no economic impact.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Lisa Larson, Regulations Manager, Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, MD 21202, or call 410-468-2007, or email to insuranceregreview.mia@maryland.gov, or fax to 410-468-2020. Comments will be accepted through October 11, 2020. A public hearing has not been scheduled.

Economic Impact Statement Part C

- A. Fiscal Year in which regulations will become effective: FY 20
- B. Does the budget for the fiscal year in which regulations become effective contain funds to implement the regulations?

No

C. If 'yes', state whether general, special (exact name), or federal funds will be used:

D. If 'no', identify the source(s) of funds necessary for implementation of these regulations:

No additional funds are necessary to implement these regulations.

E. If these regulations have no economic impact under Part A, indicate reason briefly:

The coverage requirements laid out in the regulation are typically already carried by the Managing General Agents.

F. If these regulations have minimal or no economic impact on small businesses under Part B, indicate the reason and attach small business worksheet.

The coverage requirements laid out in the regulation are typically already carried by the Managing General Agents.

G. Small Business Worksheet:

Attached Document:

Title 31 MARYLAND INSURANCE ADMINISTRATION

Subtitle 03 INSURANCE PRODUCERS AND OTHER INSURANCE PROFESSIONALS

Chapter 19 Managing General Agents

Authority: Insurance Article, §§ 8-201(c), 8-207, 8-209, Annotated Code of Maryland

.01 Bond and Errors and Omissions Coverage Requirement

A. A Managing General Agent shall obtain and maintain:

(1) A fidelity bond for the protection of the insurer and policyholder equal to or greater than 10% of the maximum annual premium volume as stated in the underwriting guidelines in the contract required by Insurance Article, §8-209, Annotated Code of Maryland, but no less than \$100,000.00; and

(2) An errors and omissions policy for the protection of the insurer and policyholder with limits of at least one million dollars.

B. A Managing General Agent shall provide evidence of bond and errors and omissions coverage on the initial or renewal application.