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HB 1195/96 - ECM

1997 Regular Session  
7lr2702  
CF 7lr2288

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**By: Delegates Love and Cadden**

Introduced and read first time: February 6, 1997

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

**2 Insurance - Termination of Agency Agreements - Renewals of Policies**

3 FOR the purpose of altering the amount of time during which certain insurers shall  
4 continue to renew policies through an agent or broker with which the agency  
5 agreement has terminated under certain circumstances; and generally relating to  
6 renewals of policies and termination of agency agreements in insurance.

7 BY repealing and reenacting, without amendments,  
8 Article - Insurance  
9 Section 27-503(a)  
10 Annotated Code of Maryland  
11 (1995 Volume and 1996 Supplement)  
12 (As enacted by Chapter \_\_\_\_ (H.B. 11) of the Acts of the General Assembly of 1997)

13 BY repealing and reenacting, with amendments,  
14 Article - Insurance  
15 Section 27-503(b)  
16 Annotated Code of Maryland  
17 (1995 Volume and 1996 Supplement)  
18 (As enacted by Chapter \_\_\_\_ (H.B. 11) of the Acts of the General Assembly of 1997)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article - Insurance**

22 27-503.

23 (a) An insurer may not cancel a written agreement with an agent or broker about  
24 insurance or refuse to accept insurance business from the agent or broker unless the  
25 insurer complies with this section.

26 (b) (1) This subsection does not apply to:

27 (i) policies of life insurance, health insurance, surety insurance, wet

28 marine and transportation insurance, and title insurance; or

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1 (ii) agents, brokers, or policies of a company or group of companies  
2 represented by agents or brokers who by contractual agreement represent only that  
3 company or group of companies if:

4 1. the business is owned by the company or group of companies;  
5 and

6 2. the cancellation of any contractual agreement does not result  
7 in the cancellation or refusal to renew any policies.

8 (2) If an insurer intends to cancel a written agreement with an agent or  
9 broker or intends to refuse a class of renewal business from an agent or broker, the  
10 insurer shall give the agent or broker at least 90 days written notice.

11 (3) Notwithstanding any provision of the agreement to the contrary, the  
12 insurer shall continue for at least [1 year] 2 YEARS after termination of the agency  
13 agreement to renew through the agent or broker any of the policies that have not been  
14 replaced with other insurers as expirations occur.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
16 October 1, 1997.