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C4  
HB 1017/96 - ECM

1997 Regular Session  
7r2306  
CF 7r2000

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**By: Senator Della**

Introduced and read first time: January 30, 1997  
Assigned to: Finance

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Committee Report: Favorable with amendments  
Senate action: Adopted  
Read second time: April 3, 1997

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CHAPTER \_\_\_\_

1 AN ACT concerning

2 **Insurance - Change of Agent or Broker of Record**

3 FOR the purpose of requiring an authorized insurer to accept and honor a request by a  
4 policyholder for a change of agent or broker of record within a certain time period  
5 under certain circumstances; requiring a new agent or broker of record to have a  
6 current appointment ~~or~~ and contract with the authorized insurer before the change  
7 of agent or broker of record will be effective; requiring a new agent or broker of  
8 record to be paid certain commissions under certain circumstances; requiring a  
9 request for a change of agent or broker of record to be in writing and include  
10 certain information; providing that this Act does not require an authorized insurer  
11 to appoint ~~or~~ and contract with an agent or broker of record, to alter a certain  
12 existing contract, or to require the payment of certain commissions where a certain  
13 agent or broker continues to have a certain responsibility; and generally relating to  
14 a change of agent or broker of record in insurance.

15 BY adding to

16 Article - Insurance  
17 Section 27-911  
18 Annotated Code of Maryland  
19 (1995 Volume and 1996 Supplement)  
20 (As enacted by Chapter \_\_\_\_ (H.B. 11) of the Acts of the General Assembly of  
21 1997)

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

2

1 **Article - Insurance**

2 27-911.

3 (A) EACH AUTHORIZED INSURER DOING BUSINESS IN THE STATE SHALL  
4 ACCEPT AND HONOR EACH REQUEST BY A POLICYHOLDER FOR A CHANGE OF  
5 AGENT OR A CHANGE OF BROKER OF RECORD WITHIN 30 WORKING DAYS AFTER  
6 RECEIPT OF THE REQUEST UNLESS THE POLICYHOLDER WITHDRAWS THE REQUEST  
7 IN WRITING.

8 (B) THE NEW AGENT OR BROKER OF RECORD MUST HAVE A CURRENT  
9 APPOINTMENT ~~OR~~ AND CONTRACT WITH THE AUTHORIZED INSURER BEFORE THE  
10 CHANGE OF AGENT OR BROKER OF RECORD WILL BE EFFECTIVE.

11 (C) (1) SUBJECT TO THE PROVISIONS OF PARAGRAPH (2) OF THIS  
12 SUBSECTION, THE NEW AGENT OR BROKER OF RECORD SHALL BE PAID ALL  
13 COMMISSIONS PAYABLE ON THE POLICY EFFECTIVE NOT LATER THAN THE NEXT  
14 ANNIVERSARY DATE OF THE POLICY FOLLOWING THE EFFECTIVE DATE OF  
15 CHANGE.

16 (2) THE COMMISSIONS PAYABLE UNDER PARAGRAPH (1) OF THIS  
17 SUBSECTION DO NOT INCLUDE:

18 (I) VESTED LIFE INSURANCE COMMISSIONS; ~~OR~~

19 (II) SUPPLEMENTAL HEALTH INSURANCE COMMISSIONS; OR

20 (III) COMMISSIONS OR OTHER COMPENSATION PAYABLE UNDER  
21 AN INSURER'S RETIREMENT OR DEFERRED COMPENSATION PLAN WITH THE AGENT  
22 OR BROKER.

23 (D) A REQUEST FOR A CHANGE OF AGENT OR BROKER OF RECORD SHALL:

24 (1) BE IN WRITING; AND

25 (2) INCLUDE:

26 (I) THE POLICYHOLDER'S NAME AND ADDRESS;

27 (II) THE AUTHORIZED INSURER'S NAME AND ADDRESS;

28 (III) THE POLICY NUMBER;

29 (IV) THE NAME AND ADDRESS OF THE NEW AGENT OR BROKER OF  
30 RECORD;

31 (V) THE DATE OF THE REQUEST; ~~AND~~

32 (VI) THE SIGNATURE OF THE POLICYHOLDER; AND

33 (VII) THE SIGNATURE OF ACCEPTANCE BY THE NEW AGENT OR  
34 BROKER.

35 (E) THIS SECTION DOES NOT REQUIRE AN AUTHORIZED INSURER TO:

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1                   (1) APPOINT ~~OR~~ AND CONTRACT WITH AN AGENT OR BROKER OF  
2 RECORD;

3                   (2) ALTER AN INSURER'S EXISTING CONTRACT WITH AN AGENT OR  
4 BROKER WHICH PROVIDES FOR DIRECT COMPENSATION IN LIEU OF COMMISSION;  
5 AND

6                   (3) REQUIRE THE PAYMENT OF FULL COMMISSIONS TO A NEW AGENT  
7 OR BROKER WHERE THE ORIGINAL WRITING AGENT OR BROKER OR CURRENT  
8 AGENT OR BROKER CONTINUES TO HAVE RESPONSIBILITY FOR PROCESSING AND  
9 MATTERS RELATING TO THE POLICYHOLDER.

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