

CF 7lr2702

By: Senator Astle

Introduced and read first time: January 31, 1997

Assigned to: Finance

Committee Report: Favorable

Senate action: Adopted

Read second time: March 11, 1997

CHAPTER ____

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:

2

1 **Article - Insurance**

2 27-503.

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

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

7 (i) policies of life insurance, health insurance, surety insurance, wet
8 marine and transportation insurance, and title insurance; or

9 (ii) agents, brokers, or policies of a company or group of companies
10 represented by agents or brokers who by contractual agreement represent only that
11 company or group of companies if:

12 1. the business is owned by the company or group of companies;
13 and

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

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

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

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