This departmental bill authorizes an insurer to conduct reviews of the underwriting and claims processing operations of its managing general agent virtually or remotely by repealing the requirement that such reviews be conducted “on-site.” The Insurance Commissioner may adopt regulations to implement provisions related to the duties of an insurer regarding its managing general agent.

**Fiscal Summary**

**State Effect:** The bill does not materially affect State operations or finances.

**Local Effect:** None.

**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:** A managing general agent is a person who manages all or part of the insurance business of an insurer, including the management of a separate division, department, office, or subsidiary of the insurer and meets other specified requirements. To act as an agent, a person must obtain a certificate of qualification from the Insurance Commissioner. An applicant for the certificate must be licensed as an insurance producer and deemed competent and trustworthy by the Commissioner.
Each insurer is required to maintain specified records, conduct reviews, and share information with the Commissioner about the managing general agents it does business with and/or employs. For example, an insurer must maintain independent financial examinations of each managing general agent with whom the insurer has done business, and at least twice each year, an insurer must conduct an on-site review of the underwriting and claims processing operations of its managing general agent.

**Background:** During the COVID-19 emergency, MIA suspended on-site reviews and authorized such reviews to be conducted through virtual or remote means for calendar 2020. Given the technology utilized in the insurance industry, MIA determined that insurers are able to conduct thorough virtual reviews and believes that it is appropriate to make the virtual option permanent. Furthermore, MIA advises that the bill is consistent with current industry and business practices.

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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 12, 2022
- Third Reader - February 7, 2022

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Insurance - Managing General Agents - Review Requirements

BILL NUMBER: SB0188

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

None.