

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 928

(Senator Griffith)

Finance

Economic Matters

Insurance – Credit for Reinsurance Model Law – Reciprocal Jurisdictions

This bill expressly prohibits the Maryland Insurance Commissioner from removing a reciprocal jurisdiction (generally meaning a jurisdiction that is part of a certain international agreement) from the list of jurisdictions authorized to operate in the State without the need to post collateral.

Fiscal Summary

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary/Current Law: Chapters 100 and 101 of 2020 adopted changes made to the National Association of Insurance Commissioners (NAIC) Model Act #785 “Credit for Reinsurance Model Law.” In particular, the Acts implemented provisions of the covered agreements between the United States, the European Union (EU), and the United Kingdom. States were required to adopt the changes by October 1, 2022, or face federal preemption by the Federal Insurance Office (FIO).

Among other things, the Acts required the Insurance Commissioner to create and publish a list of reciprocal jurisdictions that are part of the international agreement and that meet other specified requirements. Reciprocal jurisdiction means a jurisdiction that is:

- outside the United States that is subject to an in-force covered agreement with the United States, each within its legal authority or, in the case of a covered agreement between the United States and the EU, is a member state of the EU;
- in the United States and meets the requirements for accreditation under the NAIC financial standards and accreditation program; or
- otherwise a qualified jurisdiction, as defined by State law and regulation.

Under the agreement, and the Acts implementing the agreement, these jurisdictions are allowed to operate in the State under specified conditions.

Additional Comments: The Maryland Insurance Administration advises that the bill corrects an inconsistency perceived by FIO between Chapters 100 and 101 and the NAIC model law the Acts were meant to implement. The bill corrects this inconsistency by expressly prohibiting the Insurance Commissioner from removing a reciprocal jurisdiction that is the subject of a covered agreement from the list of jurisdictions allowed to operate without the need to post collateral in the State.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Insurance Administration; Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2023
km/jc Third Reader - March 20, 2023

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