

KATHLEEN M. DUMAIS
Legislative District 15
Montgomery County

Vice Chair
Economic Matters Committee

Chair
Property and Casualty Insurance
Subcommittee

House Chair
Joint Committee on Legislative Ethics



The Maryland House of Delegates
6 Bladen Street, Room 231
Annapolis, Maryland 21401
410-841-3052 · 301-858-3052
800-492-7122 Ext. 3052
Fax 410-841-3219 · 301-858-3219
Kathleen.Dumais@house.state.md.us

The Maryland House of Delegates

ANNAPOLIS, MARYLAND 21401

February 5, 2020

Testimony in Support of House Bill 189 – Insurance – Credit for Reinsurance Model Law -- Revisions

Good afternoon Mr. Chairman and members of the committee. Thank you for the opportunity to speak to you on behalf of **House Bill 189 – Insurance – Credit for Reinsurance Model Law -- Revisions**.

In order to assure that Maryland complies with the Federal Insurance Office, this legislation adopts certain changes to the National Association of Insurance Commissioners (NAIC) Model Act #785 “Credit for Reinsurance Model Law.” The NAIC model Act is designed to provide sufficient regulation for insurers and adequate protection for the insured.

House Bill 189 incorporates the Act’s definition of “covered agreement,” which is an agreement entered into under the Dodd-Frank Wall Street Reform and Consumer Protection Act that is:

- currently in effect or in a period of provisional application, and
- addresses the elimination of collateral requirements as a condition for entering into a reinsurance agreement with a ceding insurer domiciled in Maryland or allowing the ceding insurer to recognize credit for reinsurance.

The bill also incorporates the Act’s definition of “reciprocal jurisdiction.” The term means a jurisdiction that is:

- outside the United States that is subject to an in-force covered agreement with the United State, each within its legal authority or, in the case of a covered agreement between the United States and the European Union (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.

Additionally the measure provides that the Insurance Commissioner must create and publish a list of reciprocal jurisdictions and qualified assuming insurers and lays out guidelines for allowing credit to an assuming insurer.

I respectfully request a favorable report for House Bill 118.