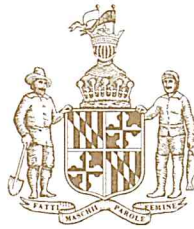


SENATOR DELORES G. KELLEY
Legislative District 10
Baltimore County

—
Chair
Finance Committee

—
Executive Nominations Committee
Rules Committee
Legislative Policy Committee



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THE SENATE OF MARYLAND
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TESTIMONY OF SENATOR DELORES G. KELLEY

**REGARDING SENATE BILL 167 - INSURANCE - CREDIT FOR REINSURANCE MODEL
LAW - REVISIONS**

BEFORE THE SENATE FINANCE COMMITTEE

ON FEBRUARY 12, 2020

Mr. Vice Chairman and Members:

Senate Bill 167 revises the Maryland Insurance Code to reflect a 2017 bilateral agreement between the United States of America and the European Union regarding Insurance and Reinsurance, a change with which individual states are required to comply.

To assist the insurance departments of our various states in adopting conforming revisions to applicable sections of their respective Insurance statutes, the National Association of Insurance Commissioners (NAIC) adopted

two model acts, one of which Maryland adopted in 2013 as Chapter 321. That Maryland law was based upon NAIC Model Act # 787.

Maryland has not yet adopted NAIC Model Act # 785, known as the Credit for Reinsurance Model Act, which the federal government is also forcing states to adopt or to face preemption. This Act forces states to eliminate their various reinsurance collateral requirements for assuming insurers from European Union countries, or from certain other non-U.S. jurisdictions, as recognized in a 2017 EU/US Treasury agreement.

The 2017 EU/US agreement set a 2022 deadline for U.S. States to comply. Senate Bill 167 is here in regard, so that Maryland will not become subject to federal preemption.

Senate Bill 167 is also necessary for Maryland's adoption of an additional NAIC Model Act recognizing as accrediting standard necessary for the MIA's continued acceptance as a qualifying examination agency. Senate Bill 167 also

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clarifies that the Maryland Insurance Commissioner has discretion to defer to other NAIC state – accredited insurance departments in determining when a non-Maryland based reinsurer may be designated as a “certified” reinsurer or when to assign an assuming reinsurer as “certified.”

To avoid federal preemption of any part of the mission of the Maryland Insurance Administration (MIA), we need your expeditious and favorable report of Senate Bill 167.