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**THE MARYLAND HOUSE OF DELEGATES**  
ANNAPOLIS, MARYLAND 21401

**HB 563 – Insurance - Surplus Lines Brokers - Policy Fees – as amended**

**SPONSOR TESTIMONY**

**Cross-file: SB 572**

**House Economic Matters Committee, February 17, 2022**

Chairman Wilson, Vice Chair Crosby and Members of the Committee,

**House Bill 563 - Insurance-Surplus Lines Brokers-Policy Fees**, addresses the fees charged by Surplus Lines Brokers.

Surplus lines brokers are licensed to place coverage for Maryland insurance consumers with eligible non-admitted insurers when those risks are unable to be placed in the standard market insurers are often unable to write risks due to the fact that they're new, unique or especially high capacity. In those cases, an insurance agent is permitted to seek coverage through a surplus lines broker and place that business with a non-admitted insurer, like Lloyds of London for example.

This bill, with the amendments provided in your packet, would allow a surplus lines insurance broker to charge a commercial insured for placing a surplus lines risk, a fee of either \$250 or up to 10% of the surplus lines premium, whichever is greater.

Current law caps such fee at \$250.

Additionally, the amendments codify the current understanding that for commercial exempt policyholders, a surplus lines broker may charge a reasonable fee for placing such risk.

**Thank you, and I ask for a favorable report for HB 563, as amended.**