

CHAPTER 775

(Senate Bill 46)

AN ACT concerning

Insurance Agents and Brokers - Cancellation or
Amendment of Contracts

FOR the purpose of prohibiting insurers under certain circumstances from amending certain written agreements with agents or brokers and from canceling certain written agreements with agents or brokers with respect to property or casualty insurance because of an adverse loss ratio experience; and generally relating to insurers' agreements with agents and brokers.

BY repealing and reenacting, with amendments,

Article 48A - Insurance Code
Section 234B(f)
Annotated Code of Maryland
(1986 Replacement Volume)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article 48A - Insurance Code

234B.

(f) An insurer may not cancel OR AMEND a written agreement with an agent OR BROKER with respect to property or casualty insurance because of an adverse loss ratio experience on that agent's OR BROKER'S book of business if:

(1) The insurer required the agent OR BROKER to submit the application for underwriting approval, and all material information on the application was fully completed, and the agent OR BROKER has not omitted or altered any information provided by the applicant; or

(2) The insurer accepted, without prior approval, policies issued by the agent OR BROKER, if all material information on the application or on the insurer's copy of any policy issued by the agent OR BROKER was fully completed and the agent OR BROKER has not omitted or altered any information provided by the applicant.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1987.