

THE CONTROLLED INSURER SHALL REPORT ANNUALLY TO THE COMMISSIONER:

(1) THE AMOUNT OF COMMISSION IT PAID TO THE CONTROLLING BROKER;

(2) THE PERCENTAGE THAT AMOUNT REPRESENTS OF THE NET PREMIUMS WRITTEN; AND

(3) COMPARABLE AMOUNTS AND PERCENTAGES PAID TO NONCONTROLLING BROKERS FOR PLACEMENT OF THE SAME KINDS OF INSURANCE BUSINESS.

(H) SAME — AUDIT COMMITTEE.

(1) THE CONTROLLED INSURER SHALL HAVE AN AUDIT COMMITTEE OF THE BOARD OF DIRECTORS COMPOSED OF INDEPENDENT DIRECTORS.

(2) BEFORE APPROVAL OF THE ANNUAL FINANCIAL STATEMENT, THE AUDIT COMMITTEE SHALL MEET TO REVIEW THE ADEQUACY OF THE CONTROLLED INSURER'S LOSS RESERVES WITH:

(I) MANAGEMENT;

(II) THE CONTROLLED INSURER'S INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS; AND

(III) ANOTHER INDEPENDENT LOSS RESERVE SPECIALIST ACCEPTABLE TO THE COMMISSIONER OR AN INDEPENDENT CASUALTY ACTUARY.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, §§ 661(e) and 663(a).

In subsections (a)(2), (b), (c), (d)(3)(i), (e), and (h)(2) of this section, the defined term "controlled insurer" is substituted for the former references to an "insurer" for consistency throughout this section and to use the defined term. Similarly, in subsections (a)(2), (b), (d)(1) and (3)(i), (f)(2)(ii), and (g)(1) of this section, the defined term "controlling broker" is substituted for the former references to a "broker".

In subsections (b), (d)(3), and (f)(2)(i) and (ii) of this section, the defined term "insurance business" is substituted for the former reference to "business" for clarity. Similarly, in subsection (g)(3) of this section, the defined term "insurance business" is substituted for the former reference to "insurance" for consistency and clarity.

In subsection (d)(1) of this section, the phrase "[i]f insurance business is placed through a controlling broker" is added for clarity.

In subsection (d)(2) of this section, the reference to the "prospective" insured is added to conform to subsection (d)(1) of this section.