

(4) WITHOUT THE INSURER'S WRITTEN APPROVAL, PAY OR COMMIT THE INSURER TO PAY A CLAIM, NET OF REINSURANCE, THAT EXCEEDS 1% OF THE INSURER'S POLICYHOLDER SURPLUS AS OF DECEMBER 31 OF THE IMMEDIATELY PRECEDING CALENDAR YEAR;

(5) WITHOUT THE INSURER'S PRIOR WRITTEN APPROVAL, COLLECT ANY PAYMENT FROM A REINSURER;

(6) COMMIT THE INSURER TO A CLAIM SETTLEMENT WITH A REINSURER;

(7) EMPLOY AN INDIVIDUAL WHO ALSO IS EMPLOYED BY THE INSURER;

(8) ALLOW AN AGENT OR EMPLOYEE OF THE MANAGING GENERAL AGENT TO SERVE ON THE INSURER'S BOARD OF DIRECTORS; OR

(9) APPOINT A SUBMANAGING GENERAL AGENT UNLESS:

(I) APPROVAL OF THE APPOINTMENT IS OBTAINED FROM THE COMMISSIONER AND FROM THE INSURER FOR WHOM THE MANAGING GENERAL AGENT ACTS; AND

(II) THE SUBMANAGING GENERAL AGENT COMPLIES WITH ANY REQUIREMENTS IMPOSED BY THE COMMISSIONER UNDER § 8-213 OF THIS SUBTITLE.

(B) BINDING REINSURANCE OR RETROCESSIONS.

(1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A MANAGING GENERAL AGENT MAY NOT BIND REINSURANCE OR RETROCESSIONS FOR AN INSURER.

(2) A MANAGING GENERAL AGENT MAY BIND FACULTATIVE REINSURANCE CONTRACTS UNDER OBLIGATORY FACULTATIVE AGREEMENTS IF THE CONTRACT WITH THE INSURER CONTAINS REINSURANCE UNDERWRITING GUIDELINES FOR REINSURANCE BOTH ASSUMED AND CEDED, INCLUDING:

(I) A LIST OF REINSURERS WITH WHICH THE AUTOMATIC AGREEMENTS ARE IN EFFECT;

(II) THE COVERAGES AND AMOUNTS OR PERCENTAGES THAT MAY BE REINSURED; AND

(III) COMMISSION SCHEDULES.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 669.

In subsection (a)(9)(ii) of this section, the reference to "§ 8-213 of this subtitle" is substituted for the former inaccurate reference to "§ 680 of this subtitle". Former Art. 48A, § 680 covered bail bondsman services, not submanaging general agents. Former Art. 48A, § 675 covered requirements for submanaging general agents and has been revised as § 8-213 of this subtitle.