

8-519. DUTIES OF AUTHORIZED INSURER; PROHIBITED ACTS; PENALTIES.

(A) DUTY TO OBTAIN STATEMENTS OF FINANCIAL CONDITION OF REINSURANCE BROKER.

AN AUTHORIZED INSURER SHALL OBTAIN ANNUALLY A COPY OF STATEMENTS OF THE FINANCIAL CONDITION OF EACH REINSURANCE BROKER THAT TRANSACTS BUSINESS WITH THE AUTHORIZED INSURER.

(B) PROHIBITED ACTS.

AN AUTHORIZED INSURER MAY NOT:

(1) ENGAGE THE SERVICES OF A PERSON TO ACT AS A REINSURANCE BROKER ON ITS BEHALF UNLESS THE PERSON HAS COMPLIED WITH THIS SUBTITLE; OR

(2) EMPLOY AN INDIVIDUAL WHO ALSO IS EMPLOYED BY A REINSURANCE BROKER THAT TRANSACTS BUSINESS WITH THE AUTHORIZED INSURER, UNLESS THE REINSURANCE BROKER IS UNDER COMMON CONTROL WITH THE AUTHORIZED INSURER AND IS SUBJECT TO TITLE 7 OF THIS ARTICLE.

(C) PENALTIES.

AN AUTHORIZED INSURER THAT VIOLATES ANY PROVISION OF THIS SUBTITLE IS SUBJECT TO THE DISCIPLINARY AND PENALTY PROVISIONS OF §§ 4-113 AND 4-114 OF THIS ARTICLE.

REVISOR'S NOTE: This section formerly was Art. 48A, § 725.

The only changes are in style.

Defined terms: "Authorized insurer" § 1-101

"Person" § 1-101

"Reinsurance broker" § 8-501

8-520. DUTIES OF REINSURER; PROHIBITED ACTS; PENALTIES.

(A) DUTIES OF REINSURER.

(1) IN THIS SUBSECTION, "ACTUARY" MEANS AN INDIVIDUAL WHO IS A MEMBER IN GOOD STANDING OF THE AMERICAN ACADEMY OF ACTUARIES.

(2) A REINSURER SHALL OBTAIN ANNUALLY A COPY OF STATEMENTS BY AN INDEPENDENT CERTIFIED ACCOUNTANT IN A FORM ACCEPTABLE TO THE COMMISSIONER OF THE FINANCIAL CONDITION OF EACH REINSURANCE MANAGER THAT TRANSACTS BUSINESS WITH THE REINSURER.

(3) IF A REINSURANCE MANAGER IS ALLOWED BY CONTRACT TO MAINTAIN LOSS RESERVES, A REINSURER SHALL OBTAIN ANNUALLY THE OPINION OF AN INDEPENDENT ACTUARY ATTESTING TO THE ADEQUACY OF THE LOSS RESERVES ESTABLISHED FOR LOSSES INCURRED AND OUTSTANDING ON BUSINESS PRODUCED BY THE REINSURANCE MANAGER.