CHAPTER 80

(House Bill 726)

AN ACT concerning

Insurance – Surplus Lines Brokers – Disclosure and Notification Requirements

FOR the purpose of repealing a provision that allows surplus lines brokers to recover the cost of certain inspections under certain circumstances; requiring surplus lines brokers to make certain written disclosures of certain compensation and any financial interest in certain persons performing certain inspections; requiring surplus lines brokers to notify prospective insureds of the option to obtain certain inspections from certain persons who meet certain requirements; and generally relating to disclosure requirements for surplus lines brokers.

BY repealing and reenacting, with amendments,
Article – Insurance
Section 27–216(d)
Annotated Code of Maryland
(1997 Volume and 2001 Supplement)

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

Article – Insurance

27–216.

(d)   (1)   Notwithstanding subsection (a) of this section, a surplus lines broker that holds a certificate of qualification under Title 3, Subtitle 3 of this article may charge a reasonable policy fee not exceeding:

(i) $100 on each personal lines policy procured by a licensed insurance producer to whom the surplus lines broker pays a commission; or

(ii) $250 on each commercial lines policy procured by a licensed insurance producer to whom the surplus lines broker pays a commission.

(2)   The policy fee charged in accordance with this subsection must be reasonably related to the cost of underwriting, issuing, processing, and servicing the policy by the surplus lines broker for the surplus lines insurer.

(3)   Notwithstanding subsection (a) of this section, a surplus lines broker that holds a certificate of qualification under Title 3, Subtitle 3 of this article may recoup from the prospective insured the actual cost of an inspection required for the placement of surplus lines insurance if:

(i)   the inspection is required by the surplus lines insurer;