

prohibiting certain reinsurance intermediaries from placing business with insurers under certain circumstances; providing for hearing and appeal procedures; defining certain terms; providing that a certain presumption may be rebutted; allowing the Commissioner to determine whether a person controls an insurer; and generally relating to insurance placed with broker controlled insurers.

BY adding to

Article 48A – Insurance Code

Section 670 through 673, inclusive, to be under the new subtitle “~~Subtitle~~ 51. Broker Controlled Business”

Annotated Code of Maryland

(1986 Replacement Volume and 1990 Supplement)

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

Article 48A – Insurance Code

~~SUBTITLE~~ 51. BROKER CONTROLLED BUSINESS

670.

(A) IN THIS SUBTITLE THE FOLLOWING TERMS HAVE THE MEANINGS INDICATED.

(B) “REINSURANCE INTERMEDIARY” MEANS ANY PERSON WHO ACTS AS A BROKER IN:

(1) SOLICITING, NEGOTIATING, OR PROCURING THE MAKING OF ANY REINSURANCE CONTRACT OR BINDER ON BEHALF OF A CEDING INSURER; OR

(2) ACCEPTING ANY REINSURANCE CONTRACT OR BINDER ON BEHALF OF AN ASSUMING INSURER.

~~(C) “CONTROL” OR “CONTROLLED” HAS THE SAME MEANING AS PROVIDED IN § 492(C) OF THIS ARTICLE.~~

(C) “CONTROL” (INCLUDING THE TERMS “CONTROLLING” “CONTROLLED BY”, AND “UNDER COMMON CONTROL WITH”) MEANS THE POSSESSION, DIRECT OR INDIRECT, OF THE POWER TO DIRECT OR CAUSE THE DIRECTION OF THE MANAGEMENT AND POLICIES OF A PERSON, WHETHER THROUGH THE OWNERSHIP OF VOTING SECURITIES, THROUGH THE OWNERSHIP OF SECURITIES CONVERTIBLE INTO VOTING SECURITIES, BY CONTRACT OTHER THAN A COMMERCIAL CONTRACT FOR GOODS OR NONMANAGEMENT SERVICES, OR OTHERWISE, WHETHER OR NOT SUCH POWER IS EXERCISED OR SOUGHT TO BE EXERCISED. CONTROL SHALL BE PRESUMED TO EXIST IF ANY PERSON, DIRECTLY OR INDIRECTLY, OWNS, CONTROLS, HOLDS WITH THE POWER TO VOTE, OR HOLDS PROXIES REPRESENTING 35% OR MORE OF THE VOTING SECURITIES OF ANY OTHER