

1 2	SECOND REGULAR SESSION
3 4	ONE HUNDRED AND TWELFTH LEGISLATURE
5 6	Legislative Document No. 1733
7	H.P. 1226 House of Representatives, December 26, 1985
8	Submitted by the Department of Business, Occupational and Professional Regulation pursuant to Joint Rule 24.
9	Received by the Clerk of the House on December 26, 1985. Referred to the Committee on Business and Commerce and 1,600 ordered printed
10	pursuant to Joint Rule 14. EDWIN H. PERT, Clerk
11	Presented by Representative Murray of Bangor. Cosponsored by Senator Bustin of Kennebec, Representative Stevens of Bangor and Representative Armstrong of Wilton.
12 13	STATE OF MAINE
14 15 16	IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-SIX
17 18 19	AN ACT Relating to the Surplus Lines Insurance Law.
20 21	Be it enacted by the People of the State of Maine as follows:
22 23	<pre>Sec. 1. 24-A MRSA §1605, sub-§3 is enacted to read:</pre>
24 25 26 27 28 29 30 31 32 33	3. No licensed resident or nonresident agent may place or seek to place insurance coverage, other than in an authorized insurer, except as provided in chap- ter 19. An agent placing or seeking the placement of insurance coverage, other than with an insurer for which he holds an appointment or other than in ac- cordance with chapter 19, shall be responsible for determining that coverage is placed with an autho- rized insurer regardless of whether any other party has or will actually procure the coverage.
34 35	Sec. 2. 24-A MRSA §1607, sub-§1, as enacted by PL 1969, c. 132, §1, is amended to read:

1 A person licensed as a resident or nonresi-1. 2 dent broker may negotiate with any authorized insurer insurance contracts within the scope of his license 3 and eevering relating to risks resident, located or 4 5 to be performed in this State, with any authorized insurer, subject, as to a nonresident broker, to sec-tion 1618 (must place business through resident 6 7 8 agent). A broker may seek the placement of coverage 9 with other than an authorized insurer only through a licensed surplus lines broker as provided for in 10 11 chapter 19. A broker placing or seeking the placement of coverage, other than in accordance with chap-12 ter 19, shall be responsible for determining that 13 coverage is placed with an authorized carrier regard-14 15 less of whether any other party has or will actually 16 place the coverage.

 Sec. 3.
 24-A
 MRSA
 §2013, sub-§1, as amended by

 18
 PL 1977, c.
 694, §411, is further amended to read:

19 1. The superintendent may file a complaint with
 20 the Administrative Court seeking suspension or revo 21 cation of any surplus lines broker's license:

A. If the broker fails to file the annual state ment or to remit the tax as required by section
 2017; er

B. If the broker fails to maintain an office in
this State, or to keep the records, or to allow
the superintendent to examine his records as required by this law, or if he removes his records
from the State; er

- C. If the broker places a surplus lines coverage
 in an insurer other than as authorized under section 2007; er
- 33 D. For any other applicable cause for which a 34 general lines agent's license may be suspended or 35 revoked.; or

36	E. If the broker assists any person or persons
37	not licensed as surplus lines brokers by serving
38	as a reporting broker for purposes of section
39	2005, 2015, 2016 or 2017 with respect to insur-
40	ance coverage not procured by the broker.

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Sec. 4. 24-A MRSA §2015, sub-§1, as amended by PL 1973, c. 585, §12, is further amended to read:

3 1. Each broker shall keep in his office in this 4 State a full and true record of each surplus lines coverage procured by him, including a copy of each 5 6 daily report, if any, a copy of each certificate of 7 insurance issued by him, books of account in which financial entries are recorded respecting these 8 g and such of the following items as may transactions 10 be applicable:

- 11 A. Amount of the insurance;
- 12 B. Gross premium charged;
- 13 C. Return premium paid, if any;
- 14 D. Rate of premium charged upon the several 15 items of property;
- 16 E. Effective date of the contract, and the terms 17 thereof;
- 18 F. Name and address of each insurer on the di-19 rect risk and the proportion of the entire risk 20 assumed by such insurer if less than the entire 21 risk;
- 22 G. Name and address of the insured;
- H. Brief general description of the property or
 risk insured and where located or to be per formed; and
- I. Other information as may be required by thesuperintendent.
- 28 STATEMENT OF FACT

The purpose of this bill is to limit the manner in which insurance agents, brokers and surplus lines brokers may effect surplus lines insurance placements with eligible surplus lines insurers located without the State.

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Section 1 requires agents to assure that insur ance placements made in the surplus lines market are
 handled through a licensed surplus lines broker.

4 Section 2 adds a similar provision as section 1 5 regarding brokers who may not also be surplus lines 6 brokers.

7 Section 3 requires surplus lines brokers, to 8 avoid disciplinary action, to maintain accurate 9 records concerning placements with eligible surplus 10 lines insurers and assume responsibility for tax re-11 mittances to the State.

12 Section 4 clarifies the responsibility of surplus 13 lines brokers to maintain financial records of such 14 transactions within the State.

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