

# MAINE STATE LEGISLATURE

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# 117th MAINE LEGISLATURE

## SECOND REGULAR SESSION-1996

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Legislative Document

No. 1684

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H.P. 1231

House of Representatives, January 11, 1996

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**An Act to Consolidate Insurer Billing Procedures and to Streamline the  
Licensing Process for Reinsurance Intermediaries.**

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Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 24.

Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative LUMBRA of Bangor.  
Cosponsored by Representative: BENEDIKT of Brunswick.

Be it enacted by the People of the State of Maine as follows:

2  
4       **Sec. 1. 24-A MRSA §237, sub-§§4 and 5**, as amended by PL 1991, c. 334, §4, are further amended to read:

6           **4. Notification of assessment.** On or before July 1st of  
8 each year, the superintendent shall ~~netify forward to~~ each  
insurer an itemized bill of the amount due for the annual  
10 assessment due, the amount due for filing of the annual statement  
12 pursuant to sections 423 and 601 and the amount due for the  
14 certificate of authority annual continuation fee pursuant to  
16 section 601. When an extension of the time of filing an annual  
statement is granted for good cause by the superintendent  
pursuant to section 423, subsection 1, the insurer must be  
assessed a provisional amount of \$100. Upon receipt of the  
insurer's annual statement, the provisional assessment must be  
adjusted to effect a final assessment for the fiscal year at the  
18 same rate utilized by the superintendent and ~~which--was~~ levied  
upon all insurers by the general assessment of July 1st.

20           **5. Time of payment.** ~~Payment~~ Time of payment for the annual  
22 assessment, the annual statement filing fee and the annual  
24 continuation fee must be made on or before August 10th.

26       **Sec. 2. 24-A MRSA §237, sub-§6**, as enacted by PL 1985, c. 446, §2, is amended to read:

28           **6. Revocation or suspension.** If the annual assessment,  
30 annual statement filing fee or annual continuation fee is not  
paid to the superintendent on or before the prescribed date, the  
license or certificate of authority of ~~any~~ an insurer to transact  
32 business in this State may be revoked or suspended by the  
superintendent after a hearing ~~thereon~~ or upon waiver of hearing  
34 by the insurer until the annual assessment, annual statement  
filing fee and annual continuation fee is paid. ~~There--shall--be~~  
36 ~~no~~ A reinstatement of certificate of authority may not be made  
prior to payment of the balance of the annual assessment, annual  
38 statement filing fee or continuation fee.

40       **Sec. 3. 24-A MRSA §415, sub-§1**, as amended by PL 1981, c. 501, §39, is further amended to read:

42           **1.** A certificate of authority ~~shall--continue~~ continues in  
44 force as long as the insurer is entitled ~~thereto~~ under this  
Title, and until suspended or revoked by the ~~Administrative-Court~~  
46 superintendent or terminated at the insurer's request, ~~--subject--to~~  
~~continuance-of-the-certificate-by-the-insurer-biennially-by+.~~

48           ~~A.--Payment-on-or-before-March-1st-of-the-continuation-fee~~  
50 ~~provided-in-section-601;~~

2 ~~B. Due filing by the insurer of its annual statements as~~  
required by section 423; and

4  
6 ~~G. Payment by the insurer of premium taxes as required by~~  
section 602.

8 **Sec. 4. 24-A MRSA §415, sub-§2**, as repealed and replaced by PL  
10 1977, c. 222, §1, is repealed.

12 **Sec. 5. 24-A MRSA §423, sub-§4**, as enacted by PL 1969, c. 132,  
§1, is amended to read:

14 ~~4. At time of filing~~ Before August 10th, and at the same  
16 time the insurer makes payment for its annual assessment, the  
insurer shall pay the fee for filing its annual statement as  
prescribed by section 601 (fee schedule).

18 **Sec. 6. 24-A MRSA §601, sub-§1, ¶B**, as amended by PL 1991, c.  
20 334, §5, is further amended to read:

22 B. Issuance, and each ~~biennial~~ annual continuation \$200 \$100  
24 ; and

26 **Sec. 7. 24-A MRSA §742**, as amended by PL 1995, c. 329, §5, is  
further amended to read:

28 **§742. Reinsurance intermediaries; licensing**

30 **1. Qualifications for license.** For the protection of the  
32 people of this State, the superintendent may not issue, continue  
or permit to exist any reinsurance intermediary license except in  
34 compliance with this subchapter, ~~and as to any individual, unless~~  
~~the individual is an agent or broker in this State duly licensed~~  
~~pursuant to chapter 17.~~

36 ~~**2. License requirement.** A person may not act as a~~  
38 ~~reinsurance intermediary broker in this State unless licensed~~  
40 ~~pursuant to this subchapter. A person may not act as a~~  
reinsurance intermediary manager in this State unless licensed  
42 pursuant to this subchapter.

44 **2-A. License requirement.** A person or organization may be  
authorized by the superintendent to act as a reinsurance  
46 intermediary under the following circumstances.

48 A. A person or organization acting in this State as a  
reinsurance intermediary broker who has an office in this  
50 State must be licensed as a resident agent, broker or  
reinsurance intermediary broker in order to do business in  
this State.

2           B. A person or organization acting in this State as a  
4           reinsurance intermediary broker who does not maintain an  
          office in this State must either:

6                   (1) Be licensed in this State as a nonresident agent,  
                  broker or reinsurance intermediary broker; or

8                   (2) Be licensed in another state with substantially  
10                  similar laws.

12           C. A person or organization acting in this State as a  
14           reinsurance intermediary manager, by representing a domestic  
          insurer or by maintaining an office in this State, must be  
16           licensed as a resident agent, broker or reinsurance  
          intermediary broker in order to do business in this State.

18           D. A person or organization acting in this State as a  
20           reinsurance intermediary manager who does not maintain an  
          office in this State and who does not represent a domestic  
          insurer must either:

22                   (1) Be licensed as a nonresident agent, broker or  
24                   reinsurance intermediary manager in this State; or

26                   (2) Be licensed as an agent, broker or reinsurance  
28                   intermediary manager in another state with  
                  substantially similar laws.

30           **3. License forms.** The superintendent shall prescribe,  
32           consistent with the applicable requirements of this subchapter,  
          and furnish all printed forms required under this subchapter in  
          connection with application for and issuance of licenses.

34           **4. Application for licensure.** Application for licensure is  
36           governed by this subsection.

38           A. Written application for a reinsurance intermediary  
40           license must be made to the superintendent by the applicant  
          and be accompanied by the applicable license application and  
42           issuance fee shown in section 601. The application must be  
          signed and duly sworn to by the applicant.

44           A-1. Prior to filing an application with the  
46           superintendent, the superintendent may require each  
          applicant to take a written examination to test the  
48           applicant's competence to act as a reinsurance intermediary.

50           ~~B. If the applicant is an individual and-if-the-application~~  
          ~~is-not-submitted-simultaneously-with-an-application-for-an~~

2 agent--or--broker--license--pursuant--to--chapter--17, the  
3 application must include full answers to questions  
4 reasonably necessary to determine the--following: the  
5 applicant's identity, age, residence, present occupation  
6 and-occupations-over-the-5-years-preceding-the-date-of-the  
7 application, financial responsibility, and insurance  
8 experience, and education in insurance and insurance laws of  
9 this State the applicant has had or expects to receive. The  
10 application must include full answers to questions necessary  
11 to understand the purpose for which the license is to be  
12 used, whether the applicant will devote all or part of the  
13 applicant's efforts to transactions under the license and,  
14 if part only, how much time the applicant will devote to  
15 transactions and in what other business or businesses the  
16 applicant is or will be engaged or employed. The  
17 application must contain any other facts as the  
18 superintendent may require relative to the applicant's  
19 qualifications for the license as those qualifications are  
20 stated in this subchapter.

21  
22 C. If the applicant is a firm, association, partnership or  
23 corporation, the application must include, in addition, the  
24 names and residence addresses of all members, officers and  
25 directors and designate the name and residence address of  
26 each individual who is to exercise the license powers. Each  
27 individual shall furnish information with respect to the  
28 concerning that individual as for an individual license.  
29 Every individual named in the application is authorized to  
30 act in the name of the organization licensed as a  
reinsurance intermediary in this State.

31  
32 D. ~~If the application is not submitted simultaneously with~~  
33 ~~an application for an agent or broker license, the~~ The  
34 application must indicate whether any insurance license was  
35 ever refused, suspended, revoked or continuance refused and  
36 whether any insurer, general agent, individual or  
37 organization claims that the applicant is indebted to it,  
38 and, if so, the details of the indebtedness and the  
39 applicant's defense to that indebtedness.

40  
41 **5. Additional requirements.** The superintendent may require  
42 a reinsurance intermediary manager intermediary manager to:

43  
44 A. File a surety bond issued by a licensed insurer, in an  
45 amount and format acceptable to the superintendent, for the  
46 protection of the reinsurer; or

47  
48 B. Maintain an errors and omissions policy issued by an  
49 insurer licensed in this State in an amount acceptable to  
50 the superintendent.

2           **6. Nonresident applicant.** If the applicant for a  
3 reinsurance intermediary license is a nonresident, the applicant,  
4 as a condition precedent to receiving or holding a license, must  
5 designate the superintendent as agent for service of process in  
6 the manner and with the same legal effect provided for by this  
7 Title for designation of service of process upon unauthorized  
8 insurers. The applicant shall furnish the superintendent with  
9 the name and address of a resident of this State upon whom  
10 notices or orders of the superintendent or process affecting the  
11 nonresident reinsurance intermediary may be served. If a  
12 nonresident applicant becomes licensed, the licensee shall  
13 promptly notify the superintendent in writing of every change in  
14 its designated agent for service of process. Such a change is  
15 not effective until acknowledged by the superintendent.

16  
17           **7. Attorneys exempted.** Licensed attorneys-at-law of this  
18 State when acting in their professional capacity are exempt from  
19 this section.

20           **Sec. 8. 24-A MRSA §743,** as enacted by PL 1991, c. 828, §20,  
21 is amended to read:

22  
23           **§743. General provisions**

24  
25           The superintendent may issue a reinsurance intermediary  
26 license to any person or organization that complies with the  
27 requirements of this subchapter.

28  
29           **1. Licensing; persons that are not individuals.** Licensing  
30 of a firm, association, partnership or corporation is subject to  
31 this subsection.

32  
33           A. A license issued to a firm, association, partnership or  
34 corporation authorizes all the members of the firm,  
35 association, partnership or corporation and any employees of  
36 those entities to act as reinsurance intermediaries if each  
37 individual is also--licensed named in the application and  
38 registered with the superintendent. Those individuals  
39 exercise the license power only for and in the name of the  
40 organization. This paragraph does not prevent an individual  
41 from being separately licensed and acting in that  
42 individual's own behalf and name.

43  
44           B. The superintendent may not license a firm, association,  
45 partnership or corporation unless the license is within  
46 purposes stated in the partnership agreement or certificate  
47 of organization. All licensees are subject to the  
48 applicable standards of section 407, subsection 2.

50

2 C. All licensees under this subsection are subject to the  
3 same restrictions with regard to ~~deceptively--similar~~  
4 business names as applied to insurers under section 408,  
5 ~~subsection-1.~~

6 2. **Advertising.** Licensees may advertise only in the name  
7 under which they are licensed.

8 3. **Notice of change.** Licensees shall promptly notify the  
9 superintendent of every change in address and notify the  
10 superintendent of every change among its members, directors and  
11 officers and of other individuals designated in or registered as  
12 to the license.

13 4. **Refusal.** The superintendent may refuse to issue a  
14 license to a reinsurance intermediary if, in the  
15 superintendent's judgment, the applicant, any ~~one~~ person named on  
16 the application, or any a member, principal, officer or director  
17 of the applicant, is not trustworthy, has given cause for  
18 revocation or suspension of such license or has failed to comply  
19 with any prerequisite for the issuance of such license, or that  
20 any controlling person of an applicant is not trustworthy to act  
21 as a reinsurance intermediary.

22 5. **Superintendent review.** If the superintendent finds that  
23 the application is complete and that the applicant is otherwise  
24 qualified for the license applied for, the superintendent shall  
25 promptly issue the license. Otherwise, the superintendent shall  
26 refuse to issue the license, promptly notify the applicant of the  
27 refusal and state the grounds for refusal.

28 6. **Refund.** If the license is refused, the superintendent  
29 shall promptly refund to the applicant all fees received for  
30 application for a reinsurance intermediary license.

31 7. **Duration.** Unless revoked or suspended, a reinsurance  
32 intermediary license remains in effect as long as ~~the licensee~~  
33 ~~continues to hold a valid Maine broker or agent license and~~ the  
34 licensee pays the ~~biennial~~ annual fee required by section 601  
35 before the anniversary date of the license.

## 42 STATEMENT OF FACT

43 This bill amends applicable provisions in the Maine  
44 Insurance Code to combine the billing process for insurers for  
45 assessments, the annual statement filing fee and the annual  
46 continuation fee. One bill will be sent by the Bureau of  
47 Insurance to each insurer and one check will be forwarded to the  
48 Treasurer of State instead of 3. This bill also amends the Maine  
49  
50



Insurance Code to allow licensed agents and brokers to act as  
2 reinsurance intermediaries without further licensing and to allow  
persons to become licensed as reinsurance intermediaries without  
4 first becoming licensed as an agent or broker.