

adverse loss ratio ratio experience; and generally relating to insurer's agreements with agents.

BY adding to

Article 48A - Insurance Code  
Section 234B(f)  
Annotated Code of Maryland  
(1979 Replacement Volume and 1985 Supplement)

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

Article 48A - Insurance Code

234B.

(F) AN INSURER MAY NOT CANCEL A WRITTEN AGREEMENT WITH AN AGENT WITH RESPECT TO PROPERTY OR CASUALTY INSURANCE BECAUSE OF AN ADVERSE LOSS RATIO EXPERIENCE ON THAT AGENT'S BOOK OF BUSINESS IF:

~~(1) THE INSURER REQUIRED THE AGENT TO SUBMIT APPLICATIONS FOR UNDERWRITING APPROVAL AND THE INFORMATION ON SUCH APPLICATIONS WAS SUBSTANTIALLY COMPLETE AND NOT INTENTIONALLY INCORRECT OR MISLEADING; OR~~

(1) THE INSURER REQUIRED THE AGENT TO SUBMIT THE APPLICATION FOR UNDERWRITING APPROVAL, AND ALL MATERIAL INFORMATION ON THE APPLICATION WAS FULLY COMPLETED, AND THE AGENT HAS NOT OMITTED OR ALTERED ANY INFORMATION PROVIDED BY THE APPLICANT; OR

~~(2) THE INSURER ACCEPTED, WITHOUT PRIOR APPROVAL, POLICIES ISSUED BY THE AGENT IF THE INFORMATION ON ANY APPLICATION OR ON THE INSURER'S COPY OF ANY POLICY ISSUED BY THE AGENT IS SUBSTANTIALLY COMPLETE AND NOT INTENTIONALLY INCORRECT OR MISLEADING.~~

(2) THE INSURER ACCEPTED, WITHOUT PRIOR APPROVAL, POLICIES ISSUED BY THE AGENT, IF ALL MATERIAL INFORMATION ON THE APPLICATION OR ON THE INSURER'S COPY OF ANY POLICY ISSUED BY THE AGENT WAS FULLY COMPLETED AND THE AGENT HAS NOT OMITTED OR ALTERED ANY INFORMATION PROVIDED BY THE APPLICANT.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1986.

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May 27, 1986

The Honorable Benjamin L. Cardin