

# SENATE BILL 120

C4

11r0036

(PRE-FILED)

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By: **Chair, Finance Committee (By Request – Departmental – Maryland Insurance Administration)**

Requested: September 29, 2020

Introduced and read first time: January 13, 2021

Assigned to: Finance

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Committee Report: Favorable

Senate action: Adopted

Read second time: February 3, 2021

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Insurance – Credit for Reinsurance Model Law – Revisions**

3 FOR the purpose of authorizing the Maryland Insurance Commissioner to adopt certain  
4 rules and regulations applicable to certain reinsurance arrangements; limiting the  
5 application of the rules and regulations to certain reinsurance; providing that the  
6 rules and regulations may require a certain insurer to use a certain manual for a  
7 certain purpose; prohibiting the regulations from applying to certain cessions to  
8 certain assuming insurers; and generally relating to insurance and reinsurance.

9 BY repealing and reenacting, with amendments,  
10 Article – Insurance  
11 Section 5–916  
12 Annotated Code of Maryland  
13 (2017 Replacement Volume and 2020 Supplement)

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

16 **Article – Insurance**

17 5–916.

18 **(A)** The Commissioner may adopt:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1           **(1)** regulations to carry out this subtitle; AND

2           **(2)** RULES AND REGULATIONS APPLICABLE TO REINSURANCE  
3 ARRANGEMENTS DESCRIBED IN SUBSECTION (B) OF THIS SECTION.

4           **(B) (1)** A RULE OR REGULATION ADOPTED UNDER SUBSECTION (A)(2) OF  
5 THIS SECTION MAY APPLY ONLY TO REINSURANCE RELATING TO:

6                   **(I)** LIFE INSURANCE POLICIES WITH GUARANTEED NONLEVEL  
7 GROSS PREMIUMS OR GUARANTEED NONLEVEL BENEFITS;

8                   **(II)** UNIVERSAL LIFE INSURANCE POLICIES WITH PROVISIONS  
9 RESULTING IN THE ABILITY OF A POLICYHOLDER TO KEEP A POLICY IN FORCE OVER  
10 A SECONDARY GUARANTEE PERIOD;

11                   **(III)** VARIABLE ANNUITIES WITH GUARANTEED DEATH OR LIVING  
12 BENEFITS;

13                   **(IV)** LONG-TERM CARE INSURANCE POLICIES; OR

14                   **(V)** OTHER LIFE AND HEALTH INSURANCE AND ANNUITY  
15 PRODUCTS AS TO WHICH THE NATIONAL ASSOCIATION OF INSURANCE  
16 COMMISSIONERS ADOPTS MODEL REGULATORY REQUIREMENTS WITH RESPECT TO  
17 CREDIT FOR REINSURANCE.

18           **(2)** A RULE OR REGULATION ADOPTED UNDER SUBSECTION (A)(2) OF  
19 THIS SECTION THAT APPLIES TO REINSURANCE RELATING TO POLICIES SPECIFIED  
20 UNDER PARAGRAPH (1)(I) OR (II) OF THIS SUBSECTION MAY APPLY TO ANY TREATY  
21 CONTAINING:

22                   **(I)** POLICIES ISSUED ON OR AFTER JANUARY 1, 2015; OR

23                   **(II)** POLICIES ISSUED BEFORE JANUARY 1, 2015, IF THE RISK  
24 PERTAINING TO THE PRE-2015 POLICIES IS CEDED IN CONNECTION WITH THE  
25 TREATY, IN WHOLE OR IN PART, ON OR AFTER JANUARY 1, 2015.

26           **(3)** A RULE OR REGULATION ADOPTED UNDER SUBSECTION (A)(2) OF  
27 THIS SECTION MAY REQUIRE THE CEDING INSURER, IN CALCULATING THE AMOUNTS  
28 OR FORMS OF SECURITY REQUIRED TO BE HELD UNDER REGULATIONS ADOPTED  
29 UNDER SUBSECTION (A)(2) OF THIS SECTION, TO USE THE VALUATION MANUAL  
30 ADOPTED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS IN  
31 ACCORDANCE WITH § 5-313 OF THIS TITLE, INCLUDING ALL AMENDMENTS ADOPTED

1 BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS AND IN EFFECT  
2 ON THE DATE THE CALCULATION IS MADE, TO THE EXTENT APPLICABLE.

3 (4) A RULE OR REGULATION ADOPTED UNDER SUBSECTION (A)(2) OF  
4 THIS SECTION MAY NOT APPLY TO A CESSION TO AN ASSUMING INSURER THAT:

5 (I) MEETS THE CONDITIONS SET FORTH IN § 5-917 OF THIS  
6 SUBTITLE;

7 (II) IS CERTIFIED IN THIS STATE IN ACCORDANCE WITH §  
8 5-904(F) OF THIS SUBTITLE; OR

9 (III) 1. MAINTAINS AT LEAST \$250,000,000 IN CAPITAL AND  
10 SURPLUS WHEN DETERMINED IN ACCORDANCE WITH THE NATIONAL ASSOCIATION  
11 OF INSURANCE COMMISSIONERS ACCOUNTING PRACTICES AND PROCEDURES  
12 MANUAL, INCLUDING ALL AMENDMENTS ADOPTED BY THE NATIONAL ASSOCIATION  
13 OF INSURANCE COMMISSIONERS, EXCLUDING THE IMPACT OF ANY PERMITTED OR  
14 PRESCRIBED PRACTICES; AND

15 2. A. IS LICENSED IN AT LEAST 26 STATES; OR

16 B. IS LICENSED IN AT LEAST 10 STATES AND IS LICENSED  
17 OR ACCREDITED IN A TOTAL OF AT LEAST 35 STATES.

18 (C) THE AUTHORITY OF THE COMMISSIONER TO ADOPT REGULATIONS  
19 UNDER SUBSECTION (A)(2) OF THIS SECTION DOES NOT LIMIT THE COMMISSIONER'S  
20 GENERAL AUTHORITY TO ADOPT REGULATIONS UNDER SUBSECTION (A)(1) OF THIS  
21 SECTION.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
23 October 1, 2021.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.