

# HOUSE BILL 959

C4

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By: **Delegate Davis**

Introduced and read first time: February 11, 2011

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 20, 2011

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

1 AN ACT concerning

2 **Insurance – Surplus Lines**

3 FOR the purpose of ~~authorizing a surplus lines broker to place certain surplus lines~~  
4 ~~insurance with certain insurers under certain circumstances; authorizing a~~  
5 ~~surplus lines broker to place coverage with certain nonadmitted insurers that~~  
6 ~~meet certain qualifications; authorizing the Maryland Insurance Commissioner~~  
7 ~~to make a certain finding concerning certain nonadmitted insurers based on~~  
8 ~~certain criteria; authorizing~~ requiring the Maryland Insurance Commissioner to  
9 participate in a certain database; altering the authority of the Commissioner to  
10 allow a commercial insured to waive certain search requirements for surplus  
11 lines coverage for certain purposes; authorizing a surplus lines broker not to  
12 perform a diligent search when placing certain coverage with an exempt  
13 commercial purchaser under certain circumstances; providing that certain  
14 persons are not required to obtain a certificate of qualification to act as a  
15 surplus lines broker in the State under certain circumstances; prohibiting the  
16 Commissioner from approving an insurer as a surplus lines insurer unless the  
17 insurer meets certain requirements or the Commissioner makes a certain  
18 finding; altering the process for an insurer to be approved by the Commissioner  
19 as a surplus lines insurer; altering certain prohibitions against a surplus lines  
20 broker placing surplus lines insurance with an unauthorized insurer; altering  
21 the calculation and amount of the premium receipts tax on certain surplus lines  
22 insurance premiums that cover certain property, risks, and exposures that are  
23 ~~wholly or partly~~ located or to be performed entirely in the State or both in and  
24 outside the State; providing for the receipt and distribution of certain premium  
25 ~~taxes in and for certain states; providing that, for policies effective on or after a~~

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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 certain date, only the home state of an insured ~~shall~~ may receive certain tax  
 2 payments and reports for certain nonadmitted insurance; requiring the  
 3 Commissioner to cooperate with ~~certain~~ other states to adopt and implement  
 4 ~~certain multistate~~ uniform requirements for nonadmitted insurance in  
 5 compliance with the federal Nonadmitted and Reinsurance Reform Act of 2010;  
 6 providing that, for policies effective on or after a certain date, the regulation  
 7 and placement of certain nonadmitted insurance is subject to the statutory and  
 8 regulatory requirements solely of certain home states; ~~providing for the~~  
 9 ~~allocation, collection, and distribution of certain premium taxes and reports~~  
 10 ~~concerning certain insurance under certain circumstances; authorizing the~~  
 11 ~~Commissioner to enter into a certain agreement or compact or to establish~~  
 12 ~~certain procedures to implement a certain multistate system for certain~~  
 13 ~~purposes; authorizing the Commissioner to enter into an agreement with a~~  
 14 ~~certain clearinghouse or other entity for certain purposes; authorizing the~~  
 15 ~~Commissioner to establish certain fees for certain purposes; altering certain~~  
 16 requirements for certain ~~insurers~~ surplus lines brokers and insureds to file  
 17 certain statements and reports and pay certain taxes at certain times;  
 18 ~~authorizing the Commissioner to prescribe certain forms for certain tax~~  
 19 ~~allocation reports;~~ requiring the Commissioner, by regulation, to determine the  
 20 content and filing deadlines for the reports; making conforming and clarifying  
 21 changes; defining certain terms; requiring the Commissioner to conduct a  
 22 certain study and report the findings of the study to certain committees of the  
 23 General Assembly on or before a certain date; requiring qualified surplus lines  
 24 brokers to provide certain information to the Commissioner under certain  
 25 circumstances; and generally relating to the Maryland Insurance Commissioner  
 26 and surplus lines.

27 BY repealing and reenacting, with amendments,

28 Article – Insurance

29 Section 3–301, 3–304, 3–306, 3–306.1, 3–310, ~~3–318, 3–319,~~ 3–324, 3–325, ~~and~~  
 30 ~~4–210~~ 4–209, 4–210, and 4–211

31 Annotated Code of Maryland

32 (2003 Replacement Volume and 2010 Supplement)

33 BY adding to

34 Article – Insurance

35 Section ~~3–324.1~~ and 4–211.1

36 Annotated Code of Maryland

37 (2003 Replacement Volume and 2010 Supplement)

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

40 **Article – Insurance**

41 3–301.

1           (A) In this subtitle[, “qualified] **THE FOLLOWING WORDS HAVE THE**  
2 **MEANINGS INDICATED.**

3           (B) **“ACT” MEANS THE FEDERAL NONADMITTED AND REINSURANCE**  
4 **REFORM ACT OF 2010.**

5           (C) **“ADMITTED INSURER” MEANS AN INSURER THAT IS AUTHORIZED TO**  
6 **ENGAGE IN THE BUSINESS OF INSURANCE IN THE STATE.**

7           (D) **“EXEMPT COMMERCIAL PURCHASER” HAS THE MEANING STATED IN**  
8 **§ 527 OF THE ACT.**

9           (E) **“HOME STATE” HAS THE MEANING STATED IN § 527 OF THE ACT.**

10           (F) **“NONADMITTED INSURANCE” MEANS PROPERTY AND CASUALTY**  
11 **INSURANCE THAT MAY BE PLACED DIRECTLY OR THROUGH A SURPLUS LINES**  
12 **BROKER WITH A NONADMITTED INSURER THAT IS ELIGIBLE TO ACCEPT THE**  
13 **INSURANCE.**

14           (G) (1) **“NONADMITTED INSURER” MEANS AN INSURER THAT IS NOT**  
15 **AUTHORIZED TO ENGAGE IN THE BUSINESS OF INSURANCE IN THE STATE.**

16                   (2) **“NONADMITTED INSURER” DOES NOT INCLUDE A RISK**  
17 **RETENTION GROUP.**

18           (H) **“QUALIFIED surplus lines broker” means a person that has obtained a**  
19 **certificate of qualification from the Commissioner to act as a surplus lines broker**  
20 **under this subtitle.**

21 3–304.

22           The Commissioner may adopt reasonable regulations consistent with this  
23 subtitle to:

24                   (1) carry out this subtitle;

25                   (2) establish procedures for determining the eligibility of particular  
26 proposed coverages for placement with surplus lines insurers and maintain a list of  
27 the identified coverages;

28                   (3) [permit a] **ALLOW AN EXEMPT commercial [insured, as defined by**  
29 **the Commissioner,] PURCHASER to waive the diligent search requirement under §**  
30 **3–306 of this subtitle for the procurement of a surplus lines insurance policy[:**

31                           (i) with an annual premium of not less than \$5,000; and

1 (ii) issued by an insurer with a financial rating of “A” or better  
2 by the A.M. Best Company or an equivalent rating from an independent rating  
3 organization approved by the Commissioner];

4 (4) provide for the content and use of the written disclosure required  
5 under § 3–308 of this subtitle; and

6 (5) provide for the periodic review, no less than annually, of  
7 information from surplus lines brokers, agents, and insurers and from other sources  
8 concerning the availability and affordability of insurance from authorized insurers in  
9 the State.

10 3–306.

11 (a) Surplus lines insurance may be procured from an unauthorized insurer if:

12 (1) for surplus lines insurance procured through a broker, the surplus  
13 lines insurance is procured through a qualified surplus lines broker;

14 (2) subject to the provisions of § 3–306.1 of this subtitle, a diligent  
15 search is made among the authorized insurers that are writing the particular kind and  
16 class of insurance in the State;

17 (3) except for insurance against liability of persons described in §  
18 24–206(1) of this article, the amount of surplus lines insurance procured from an  
19 unauthorized insurer is only the excess over the amount that can be procured from  
20 authorized insurers;

21 (4) for insurance against liability of persons described in § 24–206(1)  
22 of this article, the insurance cannot be obtained from three or more authorized  
23 insurers that are writing on a broad basis that particular kind and class of insurance;

24 (5) except as provided in subsection (b) of this section, the surplus  
25 lines insurance is not procured:

26 (i) solely to obtain a lower premium rate than would be  
27 accepted by an authorized insurer;

28 (ii) solely to obtain more favorable terms of the insurance  
29 contract; or

30 (iii) to replace coverage on residential property which is insured  
31 by an authorized insurer and for which a renewal offer has been made on substantially  
32 the same terms and conditions as the current coverage; and

1 (6) there is compliance with other applicable provisions of this  
2 subtitle.

3 (b) This subtitle does not prohibit a lower premium rate or more favorable  
4 terms in the insurance contract of an unauthorized insurer if:

5 (1) the risk is eligible as surplus lines under subsection (a)(2), (3), and  
6 (4) of this section; or

7 (2) the applicant qualifies as [a] AN EXEMPT commercial [insured]  
8 PURCHASER who may waive, ~~as authorized by the Commissioner,~~ the diligent search  
9 that is otherwise required under this section.

10 (c) (1) This section does not prohibit a surplus lines broker from renewing  
11 a risk with a surplus lines insurer if the risk was initially written on a surplus lines  
12 basis when there were fewer than three authorized insurers actually writing on a  
13 broad basis the particular kind and class of insurance to provide coverage against  
14 liability of persons described in § 24-206(1) of this article in the State.

15 (2) However, even if on the date of renewal three or more authorized  
16 insurers are writing on a broad basis the particular kind and class of insurance  
17 required by the insured, a risk initially eligible for surplus lines insurance may be  
18 renewed on a surplus lines basis if the surplus lines insurer, licensed insurance  
19 producer, or surplus lines broker gives to the insured appropriate notice of the possible  
20 availability of comparable types of insurance being written by three or more  
21 authorized insurers:

22 (i) each year; and

23 (ii) sufficiently in advance of the renewal date to allow the  
24 insured to determine whether to renew the policy with the surplus lines insurer.

25 ~~(D) A SURPLUS LINES BROKER MAY PLACE SURPLUS LINES INSURANCE~~  
26 ~~IF EACH INSURER IS AUTHORIZED TO WRITE THE TYPE OF INSURANCE IN ITS~~  
27 ~~DOMICILIARY JURISDICTION.~~

28 ~~(E) (1) A SURPLUS LINES BROKER MAY NOT PLACE COVERAGE WITH~~  
29 ~~A NONADMITTED INSURER UNLESS, AT THE TIME OF PLACEMENT, THE SURPLUS~~  
30 ~~LINES BROKER DETERMINES THAT THE NONADMITTED INSURER:~~

31 ~~(I) HAS ESTABLISHED SATISFACTORY EVIDENCE OF GOOD~~  
32 ~~REPUTE AND FINANCIAL INTEGRITY;~~

33 ~~(II) 1. HAS CAPITAL AND SURPLUS, OR THEIR~~  
34 ~~EQUIVALENT UNDER THE LAWS OF ITS DOMICILIARY JURISDICTION, EQUAL TO~~  
35 ~~THE GREATER OF:~~

1 ~~A. THE MINIMUM CAPITAL AND SURPLUS REQUIRED~~  
 2 ~~UNDER THE LAWS OF THE STATE; OR~~

3 ~~B. \$15,000,000; OR~~

4 ~~2. IS FOUND ACCEPTABLE BY THE COMMISSIONER~~  
 5 ~~UNDER PARAGRAPH (2) OF THIS SUBSECTION; AND~~

6 ~~(III) FOR AN INSURER NOT DOMICILED IN A STATE, HAS~~  
 7 ~~QUALIFIED IN ACCORDANCE WITH § 3-303 OF THIS SUBTITLE.~~

8 ~~(2) (I) THE COMMISSIONER MAY AFFIRMATIVELY FIND THAT A~~  
 9 ~~NONADMITTED INSURER IS ACCEPTABLE UNDER THIS SUBSECTION.~~

10 ~~(II) THE COMMISSIONER SHALL MAKE THE FINDING BASED~~  
 11 ~~ON FACTORS INCLUDING QUALITY OF MANAGEMENT, CAPITAL AND SURPLUS OF~~  
 12 ~~THE PARENT COMPANY, UNDERWRITING PROFIT AND INVESTMENT INCOME~~  
 13 ~~TRENDS OF THE NONADMITTED INSURER, MARKET AVAILABILITY, AND THE~~  
 14 ~~RECORD AND REPUTATION OF THE NONADMITTED INSURER IN THE INDUSTRY.~~

15 ~~(III) THE COMMISSIONER MAY NOT FIND ACCEPTABLE A~~  
 16 ~~NONADMITTED INSURER THAT HAS CAPITAL AND SURPLUS OF LESS THAN~~  
 17 ~~\$4,500,000.~~

18 ~~(F) (D) THE COMMISSIONER MAY SHALL PARTICIPATE IN THE~~  
 19 ~~NATIONAL INSURANCE PRODUCER DATABASE MAINTAINED BY THE NATIONAL~~  
 20 ~~ASSOCIATION OF INSURANCE COMMISSIONERS AND ITS AFFILIATES AND~~  
 21 ~~SUBSIDIARIES.~~

22 3-306.1.

23 (a) (1) A diligent search required by § 3-306 of this subtitle shall be  
 24 deemed completed if:

25 (i) the insured or the surplus lines broker or insurance  
 26 producer obtains declinations of a risk from three authorized insurers that are writing  
 27 the particular kind and class of insurance in this State; and

28 (ii) the declinations are included in the affidavit required under  
 29 § 3-307 of this subtitle.

30 (2) In addition to the requirement of paragraph (1)(i) of this  
 31 subsection, an insurance producer shall obtain a declination from each insurer for  
 32 which the insurance producer has been appointed that the insurance producer knows,

1 or should know, is actually writing on a broad basis the particular kind and class of  
2 insurance sought.

3 (b) A diligent search may not be required:

4 (1) for any coverage on a list of eligible surplus lines coverages  
5 compiled by the Commissioner; or

6 (2) if the diligent search is waived by [a] AN EXEMPT commercial  
7 [insured] PURCHASER in accordance with the ~~process determined by the~~  
8 ~~Commissioner~~ ACT.

9 (c) Notwithstanding the renewal provisions of § 3-306(c) of this subtitle, a  
10 diligent search shall be required for each renewal of a personal lines insurance policy  
11 written through a surplus lines insurer.

12 **(D) NOTWITHSTANDING SUBSECTION (B)(2) OF THIS SECTION, A**  
13 **SURPLUS LINES BROKER IS NOT REQUIRED TO PERFORM A DILIGENT SEARCH**  
14 **TO DETERMINE WHETHER THE FULL AMOUNT OR TYPE OF INSURANCE CAN BE**  
15 **OBTAINED FROM ADMITTED INSURERS WHEN THE SURPLUS LINES BROKER IS**  
16 **SEEKING TO PROCURE OR PLACE NONADMITTED INSURANCE FOR AN EXEMPT**  
17 **COMMERCIAL PURCHASER IF:**

18 **(1) THE SURPLUS LINES BROKER HAS DISCLOSED TO THE EXEMPT**  
19 **COMMERCIAL PURCHASER THAT THE INSURANCE MAY OR MAY NOT BE**  
20 **AVAILABLE FROM ADMITTED INSURERS THAT MAY BE SUBJECT TO GREATER**  
21 **PROTECTION AND REGULATORY OVERSIGHT; AND**

22 **(2) THE EXEMPT COMMERCIAL PURCHASER SUBSEQUENTLY HAS**  
23 **REQUESTED THE SURPLUS LINES BROKER IN WRITING TO PROCURE**  
24 **NONADMITTED INSURANCE FROM OR PLACE THE NONADMITTED INSURANCE**  
25 **WITH A NONADMITTED INSURER.**

26 3-310.

27 **(A) [A] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A**  
28 **person must obtain a certificate of qualification to act as a surplus lines broker before**  
29 **the person acts as a surplus lines broker in the State.**

30 **(B) A PERSON IS NOT REQUIRED TO OBTAIN A CERTIFICATE OF**  
31 **QUALIFICATION TO ACT AS A SURPLUS LINES BROKER IN THE STATE IF:**

32 **(1) THE STATE IS NOT THE HOME STATE OF THE INSURED; AND**

1           **(2) THE SURPLUS LINES BROKER HAS OBTAINED A LICENSE OR**  
2 **OTHER AUTHORIZATION FROM THE HOME STATE OF THE INSURED.**

3 3-318.

4           **(A) THE COMMISSIONER MAY NOT APPROVE AN INSURER AS A SURPLUS**  
5 **LINES INSURER UNLESS THE INSURER:**

6                   **(1) IS AUTHORIZED IN ITS DOMICILIARY JURISDICTION TO WRITE**  
7 **THE TYPE OF INSURANCE IT SEEKS TO WRITE;**

8                   **(2) HAS CAPITAL AND SURPLUS, OR THEIR EQUIVALENT UNDER**  
9 **THE LAWS OF ITS DOMICILIARY JURISDICTION, EQUAL TO THE GREATER OF:**

10                           **(I) THE MINIMUM CAPITAL AND SURPLUS REQUIRED**  
11 **UNDER THE LAWS OF ITS DOMICILIARY JURISDICTION; AND**

12                                   **(II) \$15,000,000; AND**

13                   **(3) FILES WITH THE COMMISSIONER THE INFORMATION**  
14 **REQUIRED UNDER SUBSECTION (C) OF THIS SECTION.**

15           **(B) (1) FOR A FOREIGN INSURER, THE REQUIREMENTS OF**  
16 **SUBSECTION (A)(2) OF THIS SECTION MAY BE SATISFIED BY THE INSURER'S**  
17 **POSSESSING LESS THAN THE MINIMUM CAPITAL AND SURPLUS IF THE**  
18 **COMMISSIONER MAKES AN AFFIRMATIVE FINDING OF ACCEPTABILITY.**

19                   **(2) THE FINDING SHALL BE BASED ON THE FOLLOWING OR**  
20 **SIMILAR FACTORS:**

21                           **(I) QUALITY OF MANAGEMENT;**

22                           **(II) CAPITAL AND SURPLUS OF ANY PARENT COMPANY;**

23                           **(III) COMPANY UNDERWRITING PROFIT AND INVESTMENT**  
24 **INCOME TRENDS;**

25                           **(IV) MARKET AVAILABILITY; AND**

26                           **(V) COMPANY RECORD AND REPUTATION OF THE FOREIGN**  
27 **INSURER IN THE INDUSTRY.**

28                   **(3) THE COMMISSIONER MAY NOT MAKE AN AFFIRMATIVE**  
29 **FINDING OF ACCEPTABILITY IF THE FOREIGN INSURER'S CAPITAL AND SURPLUS**  
30 **IS LESS THAN \$4,500,000.**



1        [(a)] (C) An insurer [may not be approved as a surplus lines insurer until  
2 the insurer files] THAT SEEKS APPROVAL UNDER SUBSECTION (A) OF THIS  
3 SECTION SHALL FILE each year with the Commissioner:

4            (1) a written request for approval as a surplus lines insurer [for those  
5 surplus lines authorized by the Commissioner] TO WRITE THE TYPE OF INSURANCE  
6 IT SEEKS TO WRITE;

7            (2) a certified copy of its annual statement, on convention form, that  
8 shows the amount by line of surplus lines business written on risks located in the  
9 State during the period covered by the annual statement; AND

10           (3) a certificate of compliance issued by the insurance department of  
11 the insurer's state of domicile]; and

12           (4) a certificate evidencing a deposit issued by the official custodian of  
13 deposits of the insurer's state of domicile].

14        [(b)] (D) An unauthorized insurer shall appoint in writing the  
15 Commissioner as agent for the acceptance of service of process.

16 3-319.

17        (a) A surplus lines broker may not place surplus lines insurance with an  
18 unauthorized insurer that:

19           (1) has not been approved by the Commissioner as a surplus lines  
20 insurer IN ACCORDANCE WITH § 3-318 OF THIS SUBTITLE;

21           (2) FOR AN INSURER NOT DOMICILED IN THE STATE, HAS NOT  
22 QUALIFIED UNDER § 3-303 OF THIS SUBTITLE;

23           (3) has been determined by the Commissioner to be insolvent or  
24 unsafe financially under subsection (b) of this section; or

25           [(3)] (4) has been determined by the Commissioner to have refused  
26 to pay just claims.

27        (b) (1) The Commissioner shall direct that surplus lines insurance may  
28 not be placed with a surplus lines insurer that has been approved by the  
29 Commissioner if the Commissioner determines that the surplus lines insurer:

30           (i) is not in a safe or solvent financial condition; or

31           (ii) has refused to pay just claims.

1           (2) After written notice of a determination made by the Commissioner  
 2 under paragraph (1) of this subsection is mailed by the Commissioner to qualified  
 3 surplus lines brokers, surplus lines insurance may not be placed with the surplus lines  
 4 insurer.

5           (c) Notwithstanding any other provision of this subtitle, a surplus lines  
 6 broker may not place surplus lines insurance with an insurer if the broker knows, or  
 7 reasonably should know, that the insurer is in an unsafe or insolvent financial  
 8 condition.

9           (d) A qualified surplus lines broker may not place a risk in an unauthorized  
 10 insurer that has not previously appointed the Commissioner as agent for the  
 11 acceptance of service of process.

12 3-324.

13           (a) This section does not apply to insurance of risks of the State or a political  
 14 subdivision of the State.

15           (b) ~~(1)~~ The premiums charged for surplus lines insurance are subject to a  
 16 premium receipts tax ~~[of 3%]~~ ~~IN ACCORDANCE WITH THIS SUBSECTION~~ on all gross  
 17 premiums ~~ALLOCABLE TO THE STATE~~, less any returned premiums ~~ALLOCABLE TO~~  
 18 ~~THE STATE~~, charged for surplus lines insurance.

19           ~~(2) THE AMOUNT OF THE PREMIUM RECEIPTS TAX IS:~~

20           ~~(I) FOR SURPLUS LINES INSURANCE THAT COVERS~~  
 21 ~~PROPERTY, RISKS, OR EXPOSURES LOCATED OR TO BE PERFORMED ONLY IN~~  
 22 ~~THE STATE, 3% OF THE PORTION OF GROSS PREMIUMS ALLOCABLE TO THE~~  
 23 ~~STATE, LESS ANY RETURNED PREMIUMS ALLOCABLE TO THE STATE; AND~~

24           ~~(II) FOR SURPLUS LINES INSURANCE THAT COVERS~~  
 25 ~~PROPERTY, RISKS, OR EXPOSURES LOCATED OR TO BE PERFORMED BOTH IN~~  
 26 ~~AND OUTSIDE THE STATE:~~

27           ~~1. 3% OF THE PORTION OF GROSS PREMIUMS~~  
 28 ~~ALLOCABLE TO THE STATE, LESS ANY RETURNED PREMIUMS ALLOCABLE TO~~  
 29 ~~THE STATE; AND~~

30           ~~2. THE AMOUNT OF TAXES AND FEES APPLICABLE TO~~  
 31 ~~THE PROPERTY, RISKS, AND EXPOSURES LOCATED OR TO BE PERFORMED IN~~  
 32 ~~EACH OTHER STATE, BASED ON THE RATES OF TAXES AND FEES IN THE OTHER~~  
 33 ~~STATE, CALCULATED ON THE PORTION OF GROSS PREMIUMS ALLOCABLE TO~~

1 ~~THE OTHER STATE, LESS ANY RETURNED PREMIUMS ALLOCABLE TO THE OTHER~~  
 2 ~~STATE.~~

3 ~~(3) (I) IF THE STATE IS THE HOME STATE OF THE INSURED,~~  
 4 ~~THE COMMISSIONER SHALL RECEIVE AND DISTRIBUTE THE PREMIUM RECEIPTS~~  
 5 ~~TAX PAYABLE TO THE STATE AND TO OTHER APPLICABLE STATES.~~

6 ~~(H) IF THE STATE IS NOT THE HOME STATE OF THE~~  
 7 ~~INSURED, THE COMMISSIONER SHALL RECEIVE THE PREMIUM RECEIPTS TAX~~  
 8 ~~PAYABLE TO THE STATE FROM THE HOME STATE OF THE INSURED.~~

9 (C) FOR POLICIES EFFECTIVE BEFORE JULY 21, 2011:

10 (1) IF THE POLICY COVERS PROPERTY, RISKS, OR EXPOSURES  
 11 LOCATED OR TO BE PERFORMED ENTIRELY IN THE STATE, THE PREMIUM  
 12 RECEIPTS TAX SHALL BE COMPUTED ON THE ENTIRE PREMIUM AT THE RATE  
 13 SPECIFIED IN SUBSECTION (B) OF THIS SECTION; AND

14 (2) IF THE POLICY COVERS PROPERTY, RISKS, OR EXPOSURES  
 15 LOCATED OR TO BE PERFORMED BOTH IN AND OUTSIDE THE STATE, THE  
 16 PREMIUM RECEIPTS TAX SHALL BE COMPUTED AT THE RATE SPECIFIED IN  
 17 SUBSECTION (B) OF THIS SECTION ONLY ON THAT PORTION OF THE PREMIUM  
 18 THAT IS PROPERLY ALLOCABLE TO THE RISKS LOCATED IN THE STATE.

19 (D) FOR POLICIES EFFECTIVE ON OR AFTER JULY 21, 2011, IF THE  
 20 STATE IS THE INSURED'S HOME STATE, THE PREMIUM RECEIPTS TAX SHALL BE  
 21 COMPUTED ON THE ENTIRE PREMIUM AT THE RATE SPECIFIED IN SUBSECTION  
 22 (B) OF THIS SECTION.

23 ~~(E)~~ (E) ONLY FOR POLICIES EFFECTIVE ON OR AFTER JULY 21, 2011,  
 24 ONLY THE HOME STATE OF AN INSURED MAY RECEIVE PREMIUM RECEIPTS TAX  
 25 PAYMENTS AND REPORTS FOR NONADMITTED INSURANCE.

26 ~~[(c)]~~ ~~(D)~~ (F) (1) On delivery of the cover note, certificate of insurance, policy,  
 27 or other initial confirmation of insurance, a surplus lines broker shall charge the  
 28 insured the amount of the **PREMIUM RECEIPTS** tax in addition to the full amount of  
 29 the gross premium charged by the insurer for the surplus lines insurance.

30 (2) The surplus lines broker shall return to the insured the **PREMIUM**  
 31 **RECEIPTS** tax on any unearned part of the premium.

32 ~~[(d)]~~ ~~(E)~~ (G) The surplus lines broker may not:

33 (1) absorb the premium receipts tax; or

1 (2) rebate all or part of the premium receipts tax or the surplus lines  
2 broker's commission.

3 [(e) If a surplus lines policy covers risks only partly in the State, the tax  
4 payable shall be computed on the part of the premium that is properly allocable to the  
5 risks located in the State.]

6 ~~3-324.1.~~

7 ~~(A) (H) THE COMMISSIONER SHALL COOPERATE WITH OTHER STATES  
8 TO ADOPT AND IMPLEMENT MULTISTATE UNIFORM REQUIREMENTS FOR  
9 NONADMITTED INSURANCE IN COMPLIANCE WITH THE ACT.~~

10 ~~(B) (I) THE FOR POLICIES EFFECTIVE ON OR AFTER JULY 21, 2011,  
11 THE REGULATION OF NONADMITTED INSURANCE IS SUBJECT TO THE  
12 STATUTORY AND REGULATORY REQUIREMENTS SOLELY OF THE HOME STATE OF  
13 THE INSURED.~~

14 ~~(C) (1) ONLY THE HOME STATE OF AN INSURED MAY RECEIVE  
15 PREMIUM RECEIPTS TAX PAYMENTS AND REPORTS FOR NONADMITTED  
16 INSURANCE.~~

17 ~~(2) IF THE NONADMITTED INSURANCE COVERS PROPERTY, RISKS,  
18 OR EXPOSURES LOCATED ONLY IN THE STATE, THE COMMISSIONER SHALL  
19 RECEIVE THE PREMIUM RECEIPTS TAX PAYABLE TO THE STATE.~~

20 ~~(3) IF THE STATE IS THE HOME STATE OF AN INSURED, THE  
21 COMMISSIONER SHALL RECEIVE AND REDISTRIBUTE THE PREMIUM RECEIPTS  
22 TAX FOR NONADMITTED INSURANCE PAYABLE TO THE STATE AND TO OTHER  
23 APPLICABLE STATES.~~

24 ~~(4) IF THE STATE IS NOT THE HOME STATE OF THE INSURED, THE  
25 COMMISSIONER SHALL RECEIVE THE PREMIUM RECEIPTS TAX PAYABLE TO THE  
26 STATE FROM THE HOME STATE OF THE INSURED.~~

27 ~~(D) (1) TO CARRY OUT THE ACT, THE COMMISSIONER MAY ENTER  
28 INTO AN AGREEMENT OR A COMPACT OR OTHERWISE ESTABLISH PROCEDURES  
29 TO IMPLEMENT THE MULTISTATE SYSTEM FOR THE REPORTING, PAYMENT,  
30 COLLECTION, AND ALLOCATION OF PREMIUM RECEIPTS TAX FOR NONADMITTED  
31 INSURANCE.~~

1           ~~(2) WITH RESPECT TO AN AGREEMENT, A COMPACT, OR OTHER~~  
 2 ~~PROCEDURES UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE~~  
 3 ~~COMMISSIONER MAY:~~

4           ~~(I) ENTER INTO AN AGREEMENT WITH A CLEARINGHOUSE~~  
 5 ~~OR OTHER ENTITY FOR THE PURPOSE OF COLLECTING AND DISBURSING TO THE~~  
 6 ~~STATE AND OTHER STATES ANY FUNDS COLLECTED THAT ARE APPLICABLE TO~~  
 7 ~~PROPERTY, RISKS, AND EXPOSURES LOCATED OR TO BE PERFORMED WHOLLY~~  
 8 ~~OR PARTLY IN THE STATE; AND~~

9           ~~(II) APPROVE AND USE AN ALLOCATION SCHEDULE TO~~  
 10 ~~ALLOCATE RISK AND COMPUTE PREMIUM RECEIPTS TAX DUE ON THE PORTION~~  
 11 ~~OF PREMIUM ATTRIBUTABLE TO EACH RISK CLASSIFICATION, TO THE STATE,~~  
 12 ~~AND TO EACH OTHER STATE IN WHICH PROPERTY, RISKS, OR EXPOSURES ARE~~  
 13 ~~LOCATED OR TO BE PERFORMED.~~

14           ~~(E) THE COMMISSIONER MAY IMPOSE A REASONABLE FEE, TO BE PAID~~  
 15 ~~BY INSUREDS OR INSURERS, TO IMPLEMENT THE MULTISTATE SYSTEM FOR THE~~  
 16 ~~REPORTING, PAYMENT, COLLECTION, AND ALLOCATION OF PREMIUM RECEIPTS~~  
 17 ~~TAX FOR NONADMITTED INSURANCE.~~

18 3-325.

19           (a) ~~{~~On or before March 15 and September 15 of each year, OR AT ANOTHER  
 20 INTERVAL THAT THE COMMISSIONER DIRECTS, each ~~} EACH~~ surplus lines broker  
 21 shall~~;~~:

22           (1)~~}~~ file with the ~~{~~Commissioner a ~~semiannual statement that reports~~  
 23 REPORT, ON A FORM THE COMMISSIONER PRESCRIBES, on business subject to tax  
 24 during the preceding half calendar year OR OTHER INTERVAL THAT THE  
 25 COMMISSIONER DIRECTS; and

26           (2) pay to the Commissioner the total amount of tax ~~imposed by §~~  
 27 ~~3-324 of this subtitle and appearing on the semiannual statement filed under this~~  
 28 ~~section}~~ COMMISSIONER, ON A FORM THE COMMISSIONER PRESCRIBES, A  
 29 VERIFIED TAX ALLOCATION REPORT THAT DETAILS THE PORTION OF  
 30 NONADMITTED INSURANCE POLICY PREMIUMS ALLOCABLE TO PROPERTY,  
 31 RISKS, OR EXPOSURES LOCATED OR TO BE PERFORMED IN EACH STATE STATED  
 32 IN THE REPORT.

33           [(b) The semiannual statement shall be verified in the manner that the  
 34 Commissioner requires and contain the following information:

1 (1) the gross amount of each kind of insurance business transacted  
2 and the total gross premiums charged;

3 (2) the total returned premiums and taxes paid to insureds;

4 (3) the total net premiums; and

5 (4) any additional information that the Commissioner reasonably  
6 requires.]

7 **(B) BY REGULATION, THE COMMISSIONER SHALL DETERMINE THE**  
8 **REQUIRED CONTENT AND FILING DEADLINES OF THE ~~TAX ALLOCATION~~ REPORT.**

9 (c) Each [semiannual statement] ~~TAX ALLOCATION~~ REPORT shall be open  
10 to public inspection.

11 (d) A **QUALIFIED** surplus lines broker may credit any examination expense  
12 paid or assessed under § 2–208 of this article against the premium receipts tax due **TO**  
13 **THE STATE.**

14 (e) With respect to [a penalty that has become final] **SURPLUS LINES**  
15 **PREMIUM RECEIPTS TAX DUE TO THE STATE**, a surplus lines broker is subject to  
16 the provisions of Title 6, Subtitle 1 of this article relating to penalties, interest, audits,  
17 assessments, limitations, appeals, and refunds.

18 4–209.

19 (a) This section does not apply to:

20 (1) premiums on lawfully procured surplus lines insurance;

21 (2) premiums on independently procured insurance on which a tax has  
22 been paid under § 4–211 of this subtitle; or

23 (3) wet marine and transportation insurance.

24 (b) (1) If an unauthorized insurer effects, continues, or renews insurance  
25 on a subject resident, located, or to be performed in the State, the unauthorized  
26 insurer shall pay to the Commissioner, before March 1 of the next calendar year, a  
27 premium receipts tax of 3% of gross premiums charged for the insurance.

28 **(2) FOR POLICIES EFFECTIVE BEFORE JULY 21, 2011:**

29 **(1) IF THE POLICY COVERS PROPERTY, RISKS, OR**  
30 **EXPOSURES LOCATED OR TO BE PERFORMED ENTIRELY IN THE STATE, THE**

1 PREMIUM RECEIPTS TAX SHALL BE COMPUTED ON THE ENTIRE PREMIUM AT  
2 THE RATE SPECIFIED IN PARAGRAPH (1) OF THIS SUBSECTION; AND

3 (II) IF THE POLICY COVERS PROPERTY, RISKS, OR  
4 EXPOSURES LOCATED OR TO BE PERFORMED BOTH IN AND OUTSIDE THE STATE,  
5 THE PREMIUM RECEIPTS TAX SHALL BE COMPUTED AT THE RATE SPECIFIED IN  
6 PARAGRAPH (1) OF THIS SUBSECTION ONLY ON THAT PORTION OF THE  
7 PREMIUM THAT IS PROPERLY ALLOCABLE TO THE RISKS LOCATED IN THE  
8 STATE.

9 (3) FOR POLICIES EFFECTIVE ON OR AFTER JULY 21, 2011, IF  
10 THE STATE IS THE INSURED'S HOME STATE, THE PREMIUM RECEIPTS TAX SHALL  
11 BE COMPUTED ON THE ENTIRE PREMIUM AT THE RATE SPECIFIED IN  
12 PARAGRAPH (1) OF THIS SUBSECTION.

13 [(2)] (4) Insurance that an unauthorized insurer effects, continues, or  
14 renews on a subject resident, located, or to be performed in the State that is procured  
15 through negotiations or an application wholly or partly occurring or made in or from  
16 within or outside of the State, or for which premiums wholly or partly are remitted  
17 directly or indirectly from in or outside of the State, is deemed to be insurance  
18 procured, continued, or renewed in the State.

19 (c) The premium receipts tax under this section is instead of all other State  
20 taxes.

21 (d) If an unauthorized insurer defaults on the payment of the tax under this  
22 section, the insured shall pay the tax.

23 (e) If the tax is not timely paid under subsection (b) of this section, the  
24 amount of the tax due shall be increased by a penalty of:

25 (1) 25% of the tax due; and

26 (2) an amount computed at the rate of 1% per month or any part of a  
27 month after the date the payment was due to the date the payment is made.

28 [(f) (1) If a policy covers a risk or exposure that is partly in the State, the  
29 tax payable shall be computed on the part of the premium that is properly allocable to  
30 the risk or exposure located in the State.

31 (2) Except for premiums that are properly allocated or apportioned  
32 and reported as taxable premiums of another state, in determining the amount of  
33 premiums taxable in this State, all premiums written, procured, or received in this  
34 State and all premiums on policies negotiated in this State shall be deemed written on  
35 property or risks located or resident in this State.]

1 4-210.

2 (a) In this section, “insured” includes an industrial insured who procures  
3 insurance of a risk through a full-time employee acting as a risk manager.

4 (b) (1) Each insured that procures or causes to be procured insurance  
5 with an unauthorized insurer, or an insured or self-insured that procures or continues  
6 excess loss, catastrophe, or other insurance with an unauthorized insurer, on a subject  
7 of insurance resident, located, or to be performed in the State other than surplus lines  
8 insurance, shall file with the Commissioner a report under this section [within 60 days  
9 after the date that the insurance was procured].

10 (2) Insurance with an unauthorized insurer on a subject of insurance  
11 resident, located, or to be performed in the State that is procured through negotiations  
12 or an application wholly or partly occurring or made in or from within or outside of the  
13 State, or for which the premiums wholly or partly are remitted directly or indirectly  
14 from in or outside of the State, is deemed to be insurance procured in the State.

15 [(c) The report shall:

16 (1) be in writing;

17 (2) be on the form provided by the Commissioner to the insured on  
18 request; and

19 (3) contain:

20 (i) the name and address of the insured;

21 (ii) the name and address of the insurer;

22 (iii) the subject of the insurance;

23 (iv) a general description of the coverage;

24 (v) the amount of the premium charged for the coverage; and

25 (vi) any other pertinent information that the Commissioner  
26 reasonably requests.]

27 ~~(c) THE REPORT SHALL BE A VERIFIED TAX ALLOCATION REPORT, ON A~~  
28 ~~FORM THE COMMISSIONER PRESCRIBES, THAT DETAILS THE PORTION OF~~  
29 ~~NONADMITTED INSURANCE POLICY PREMIUMS ALLOCABLE TO PROPERTY,~~  
30 ~~RISKS, OR EXPOSURES LOCATED OR TO BE PERFORMED IN EACH STATE.~~



1        (C) FOR POLICIES EFFECTIVE BEFORE JULY 21, 2011, A REPORT  
2 UNDER THIS SECTION SHALL BE FILED WITHIN 60 DAYS AFTER THE DATE THAT  
3 THE INSURANCE WAS PROCURED.

4        (D) FOR POLICIES EFFECTIVE ON OR AFTER JULY 21, 2011, ON OR  
5 BEFORE MARCH 15 AND SEPTEMBER 15 OF EACH YEAR, OR AT ANOTHER  
6 INTERVAL THAT THE COMMISSIONER DIRECTS, EACH INSURED SHALL:

7            (1) FILE WITH THE COMMISSIONER A REPORT, ON A FORM THE  
8 COMMISSIONER PRESCRIBES, ON BUSINESS SUBJECT TO TAX DURING THE  
9 PRECEDING HALF CALENDAR YEAR OR OTHER INTERVAL THAT THE  
10 COMMISSIONER DIRECTS; AND

11            (2) PAY TO THE COMMISSIONER THE TOTAL AMOUNT OF TAX  
12 STATED IN THE REPORT.

13        ~~(D)~~ (E) BY REGULATION, THE COMMISSIONER SHALL DETERMINE  
14 THE REQUIRED CONTENT AND FILING DEADLINES OF THE ~~TAX ALLOCATION~~  
15 ~~REPORT~~ REPORTS.

16 4-211.

17        (a) This section does not apply to wet marine and transportation insurance.

18        (b) (1) If an insured procures, continues, or renews insurance from an  
19 unauthorized insurer that is subject to a report under § 4-210 of this subtitle, a  
20 premium receipts tax of 3% of the gross premiums charged for the insurance is levied  
21 on the obligation, chose in action, or right represented by the premium charged for the  
22 insurance.

23        (2) [The insured shall pay the amount of the tax to the Commissioner  
24 before March 1 of the next calendar year after the insurance was procured, continued,  
25 or renewed.

26        (3) If an insurance contract subject to the tax is canceled and  
27 rewritten, the additional premium, for purposes of the premium receipts tax, is the  
28 premium in excess of the unearned premium of the canceled insurance contract.

29        (c) [(1) If a policy covers a risk or exposure that is only partly in the State,  
30 the tax payable shall be computed on the part of the premium that is properly  
31 allocable to the risk or exposure located in the State.

32        (2) Except for premiums that are properly allocated or apportioned  
33 and reported as taxable premiums in another state, in determining the amount of  
34 premiums taxable in this State, all premiums written, procured, or received in this

1 State and all premiums on policies negotiated in this State shall be deemed written on  
 2 property or risks located or resident in this State.

3 (d) If the insured fails to withhold from the premium the amount of the tax  
 4 levied under this section, the insured is liable for the amount of the tax IMPOSED  
 5 UNDER SUBSECTION (B) OF THIS SECTION and shall pay the tax to the  
 6 Commissioner [in accordance with subsection (c) of this section].

7 [(e) (D) If the tax [required by] IMPOSED UNDER subsection [(d) (B) of  
 8 this section is not timely paid [under subsection (c) of this section], the amount of the  
 9 tax due shall be increased by a penalty of:

10 (1) 25% of the tax due; and

11 (2) an amount computed at the rate of 1% per month or part of a  
 12 month after the date the payment is due until the date the payment is made.

13 [(f) (E) If the tax is not timely paid under this section, on request of the  
 14 Commissioner, the Attorney General shall proceed in a court of this State or another  
 15 state or in a federal court or agency to recover the tax.

16 **4-211.1.**

17 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**  
 18 **MEANINGS INDICATED.**

19 **(2) “ACT” HAS THE MEANING STATED IN § 3-301 OF THIS**  
 20 **ARTICLE.**

21 **(3) “HOME STATE” HAS THE MEANING STATED IN § 3-301 OF THIS**  
 22 **ARTICLE.**

23 **~~(3)~~ (4) “NONADMITTED INSURANCE” HAS THE MEANING**  
 24 **STATED IN § 3-301 OF THIS ARTICLE.**

25 **(B) ~~THE~~ FOR POLICIES EFFECTIVE ON OR AFTER JULY 21, 2011, THE**  
 26 **PLACEMENT OF NONADMITTED INSURANCE IS SUBJECT TO THE STATUTORY AND**  
 27 **REGULATORY REQUIREMENTS SOLELY OF THE INSURED’S HOME STATE.**

28 **(C) ~~(1)~~ THE PREMIUMS CHARGED FOR UNAUTHORIZED INSURANCE**  
 29 **ARE SUBJECT TO A PREMIUM RECEIPTS TAX IN THE STATE ON ALL GROSS**  
 30 **PREMIUMS ~~ALLOCABLE TO THE STATE~~, LESS ANY RETURNED PREMIUMS**  
 31 **~~ALLOCABLE TO THE STATE~~, CHARGED FOR ~~SURPLUS LINES~~ NONADMITTED**  
 32 **INSURANCE AS SPECIFIED IN §§ 4-209 AND 4-211 OF THIS SUBTITLE.**

1           ~~(2) (i) FOR INSURANCE THAT COVERS PROPERTY, RISKS, OR~~  
2 ~~EXPOSURES LOCATED OR TO BE PERFORMED ONLY IN THE STATE, THE~~  
3 ~~PREMIUM RECEIPTS TAX IS COMPUTED BASED ON THE PORTION OF GROSS~~  
4 ~~PREMIUMS ALLOCABLE TO THE STATE, LESS ANY RETURNED PREMIUMS~~  
5 ~~ALLOCABLE TO THE STATE.~~

6           ~~(ii) BY REGULATION, THE COMMISSIONER MAY REQUIRE~~  
7 ~~PAYMENT OF THE PREMIUM RECEIPTS TAX EITHER DIRECTLY TO THE~~  
8 ~~COMMISSIONER OR THROUGH A CLEARINGHOUSE ESTABLISHED UNDER §~~  
9 ~~3-324.1(D) OF THIS ARTICLE.~~

10           ~~(3) FOR SURPLUS LINES INSURANCE THAT COVERS PROPERTY,~~  
11 ~~RISKS, OR EXPOSURES LOCATED OR TO BE PERFORMED BOTH IN AND OUTSIDE~~  
12 ~~THE STATE, THE AMOUNT OF PREMIUM RECEIPTS TAX PAYABLE SHALL BE~~  
13 ~~COMPUTED BASED ON:~~

14           ~~(i) THE PORTION OF GROSS PREMIUMS ALLOCABLE TO THE~~  
15 ~~STATE, LESS ANY RETURNED PREMIUMS ALLOCABLE TO THE STATE; AND~~

16           ~~(ii) THE AMOUNT OF TAXES AND FEES APPLICABLE TO THE~~  
17 ~~PROPERTY, RISKS, AND EXPOSURES LOCATED OR TO BE PERFORMED IN EACH~~  
18 ~~OTHER STATE, BASED ON THE RATES OF TAXES AND FEES IN THE OTHER STATE,~~  
19 ~~CALCULATED ON THE PORTION OF GROSS PREMIUMS ALLOCABLE TO THE~~  
20 ~~OTHER STATE, LESS ANY RETURNED PREMIUMS ALLOCABLE TO THE OTHER~~  
21 ~~STATE.~~

22           ~~(4) (i) 1. IF THE STATE IS THE HOME STATE OF THE~~  
23 ~~INSURED, THE COMMISSIONER SHALL RECEIVE AND DISTRIBUTE THE PREMIUM~~  
24 ~~RECEIPTS TAX PAYABLE TO THE STATE AND TO OTHER APPLICABLE STATES.~~

25                           ~~2. BY REGULATION, THE COMMISSIONER MAY~~  
26 ~~REQUIRE PAYMENT OF THE PREMIUM RECEIPTS TAX EITHER DIRECTLY TO THE~~  
27 ~~COMMISSIONER OR THROUGH A CLEARINGHOUSE ESTABLISHED UNDER §~~  
28 ~~3-324.1(D) OF THIS ARTICLE.~~

29           ~~(ii) IF THE STATE IS NOT THE HOME STATE OF THE~~  
30 ~~INSURED, THE COMMISSIONER SHALL RECEIVE THE PREMIUM RECEIPTS TAX~~  
31 ~~PAYABLE TO THE STATE FROM THE HOME STATE OF THE INSURED.~~

32           (D) FOR POLICIES EFFECTIVE BEFORE JULY 21, 2011:

33           (1) IF THE POLICY COVERS PROPERTY, RISKS, OR EXPOSURES  
34 LOCATED OR TO BE PERFORMED ENTIRELY IN THE STATE, THE PREMIUM

1 RECEIPTS TAX SHALL BE COMPUTED ON THE ENTIRE PREMIUM AT THE RATE  
2 SPECIFIED IN SUBSECTION (C) OF THIS SECTION; AND

3 (2) IF THE POLICY COVERS PROPERTY, RISKS, OR EXPOSURES  
4 LOCATED OR TO BE PERFORMED BOTH IN AND OUTSIDE THE STATE, THE  
5 PREMIUM RECEIPTS TAX SHALL BE COMPUTED AT THE RATE SPECIFIED IN  
6 SUBSECTION (C) OF THIS SECTION ONLY ON THAT PORTION OF THE PREMIUM  
7 THAT IS PROPERLY ALLOCABLE TO THE RISKS LOCATED IN THE STATE.

8 (E) FOR POLICIES EFFECTIVE ON OR AFTER JULY 21, 2011, IF THE  
9 STATE IS THE INSURED'S HOME STATE, THE PREMIUM RECEIPTS TAX SHALL BE  
10 COMPUTED ON THE ENTIRE PREMIUM AT THE RATE SPECIFIED IN SUBSECTION  
11 (C) OF THIS SECTION.

12 ~~(D)~~ (F) ONLY FOR POLICIES EFFECTIVE ON OR AFTER JULY 21, 2011,  
13 ONLY THE HOME STATE OF AN INSURED MAY RECEIVE PREMIUM RECEIPTS TAX  
14 PAYMENTS AND REPORTS FOR NONADMITTED INSURANCE.

15 (G) FOR POLICIES EFFECTIVE ON OR AFTER JULY 21, 2011, THE  
16 REGULATION OF NONADMITTED INSURANCE IS SUBJECT TO THE STATUTORY  
17 AND REGULATORY REQUIREMENTS SOLELY OF THE HOME STATE OF THE  
18 INSURED.

19 (H) THE COMMISSIONER SHALL COOPERATE WITH OTHER STATES TO  
20 ADOPT AND IMPLEMENT UNIFORM REQUIREMENTS FOR NONADMITTED  
21 INSURANCE IN COMPLIANCE WITH THE ACT.

22 SECTION 2. AND BE IT FURTHER ENACTED, That:

23 (a) On or before January 1, 2012, the Maryland Insurance Commissioner  
24 shall:

25 (1) study the various approaches taken by other states to implement  
26 the federal Nonadmitted and Reinsurance Reform Act of 2010, paying specific  
27 attention to the approaches taken by contiguous states; and

28 (2) report the findings of the study, in accordance with § 2-1246 of the  
29 State Government Article, to the Senate Finance Committee and the House Economic  
30 Matters Committee.

31 (b) The study required under subsection (a)(1) of this section shall include a  
32 review of:

33 (1) the approaches taken by other states, including:

- 1                   (i) legislative enactments;
- 2                   (ii) the execution of agreements or compacts, if any;
- 3                   (iii) the impact on nonadmitted premium receipts tax revenue  
4 experienced by other states based on the approach taken, if known; and
- 5                   (iv) future plans for implementation, if known or ascertainable;
- 6                   (2) the impact of Maryland’s approach on its nonadmitted premium  
7 receipts tax revenue, if any;
- 8                   (3) relevant congressional guidance;
- 9                   (4) guidance provided by the National Council of Insurance  
10 Legislators, the Council of State Government, the National Council of State  
11 Legislators, and the National Association of Insurance Commissioners; and
- 12                   (5) industry guidance, statistics, or information.

13           (c) On request of the Maryland Insurance Commissioner, qualified surplus  
14 lines brokers shall provide to the Commissioner, to the extent practicable, information  
15 regarding written premium on risks located in Maryland and multistate risks so as to  
16 provide more information regarding premium receipts tax revenue.

17           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
18 July 1, 2011.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.