



REINSURANCE INTERMEDIARY BROKER

Statutory Contract Requirements

Title 24-A M.R.S.A. § 744 requires a reinsurance intermediary broker to have a contract with each insurer it represents in that capacity. This contract must specify the responsibilities of each party, and at a minimum, provide that:

Termination

Insurer may terminate authority at any time upon 5 days written notice to the reinsurance intermediary broker.

Accounting

Reinsurance intermediary broker shall render timely accounts to insurer detailing all transactions and remit all funds due to the insurer within 30 days of receipt.

Fiduciary Accounts

All funds collected on behalf of insurer are to be held by the reinsurance intermediary broker in a fiduciary capacity in bank that is a qualified United States financial institution. (See §741 (11)).

Compliance with Law

Reinsurance intermediary broker shall comply with § 745 (follows)

Records Required. For at least 10 years after expiration of each contract of reinsurance transacted by reinsurance intermediary broker, a complete for each transaction shall be kept showing:

1. Type of contract, limits, underwriting restrictions, classes of risks and territory.
2. Period of coverage, including effective and expiration dates, cancellation provisions and notice required of cancellation.
3. Reporting and settlement requirements of balances.
4. Rate used to compute the reinsurance premium.
5. Names and addresses of assuming reinsurers.
6. Rates of all reinsurance commissions, including the commissions on any retrocessions handled by the reinsurance intermediary broker.
7. Related correspondence and memoranda.
8. Proof of placement.
9. Details regarding retrocessions handled by the reinsurance intermediary broker, including the identity of retrocessionaires and percentage of each contract assumed or ceded.
10. Financial records, including, but not limited to, premium and loss accounts.
11. When the reinsurance intermediary broker procures a reinsurance contract on behalf of a licensed ceding insurer:
 - a. Directly from any assuming reinsurer, written evidence that the assuming reinsurer has agreed to assume the risk; or
 - b. Placed through a representative of the assuming reinsurer that is not an employee, written evidence that the reinsurer has delegated binding authority to the representative.

Access. Insurer must have access and may copy and audit all accounts and records maintained by the reinsurance intermediary broker related to its business in a form usable by the insurer.

Compliance with Standards

Reinsurance intermediary broker shall comply with the written standards established by the insurer for the cession or retrocession of all risks.

Disclosure

Reinsurance intermediary broker shall disclose to the insurer any relationship with any reinsurer or insurer to which business will be ceded or retroceded.