

31A-23a-603 Duties of insurers.

- (1) The insurer shall have on file an independent financial examination, in a form acceptable to the commissioner, of each managing general agent with which the insurer has done business.
- (2)
 - (a) If a managing general agent establishes loss reserves, the insurer shall annually obtain the opinion of an actuary attesting to the adequacy of loss reserves established for losses incurred and outstanding on business produced by the managing general agent.
 - (b) The requirement of Subsection (2)(a) is in addition to any other required loss reserve certification.
- (3) The insurer shall at least semiannually conduct an on-site review of the underwriting and claims processing operations of the managing general agent.
- (4) Binding authority for all reinsurance contracts or participation in insurance or reinsurance syndicates shall rest with an officer of the insurer, who may not be affiliated with the managing general agent.
- (5)
 - (a) Within 30 days after entering into or terminating a contract with a managing general agent, the insurer shall provide written notification of the appointment or termination to the commissioner.
 - (b) A notice of appointment of a managing general agent shall include:
 - (i) a statement of duties that the applicant is expected to perform on behalf of the insurer;
 - (ii) the lines of insurance for which the applicant is to be authorized to act; and
 - (iii) any other information the commissioner may request.
- (6)
 - (a) An insurer shall review the insurer's books and records each quarter to determine if any producer, as defined in Section 31A-1-301, has become a managing general agent as defined in Section 31A-23a-102.
 - (b) If the insurer determines that a producer has become a managing general agent:
 - (i) the insurer shall promptly notify the producer and the commissioner of the determination; and
 - (ii) the insurer and producer shall fully comply with the provisions of this chapter within 30 days.
- (7)
 - (a) An insurer may not appoint officers, directors, employees, subproducers, or controlling shareholders of the insurer's managing general agents to the insurer's board of directors.
 - (b) This Subsection (7) does not apply to relationships governed by:
 - (i) Chapter 16, Insurance Holding Companies; or
 - (ii) Chapter 23a, Part 7, Producer Controlled Insurers, if it applies.

Renumbered and Amended by Chapter 298, 2003 General Session