

ENROLLMENT(S)



5

COUNCIL OF THE DISTRICT OF COLUMBIA

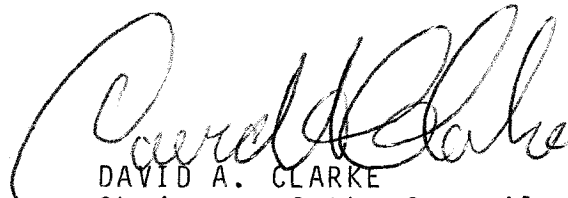
NOTICE

D.C. LAW 10-41

"Managing General Agents Act of 1993".

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, P. L. 93-198, "the Act", the Council of the District of Columbia adopted Bill No. 10-125 on first and second readings, June 29, 1993, and July 13, 1993, respectively. The legislation was deemed approved without the signature of the Mayor on August 5, 1993, pursuant to Section 404(e) of "the Act", and was assigned Act No. 10-76, published in the August 20, 1993 edition of the D.C. Register, (Vol. 40 page 6014) and transmitted to Congress on September 1, 1993 for a 30-day review, in accordance with Section 602(c)(1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day Congressional Review Period has expired, and therefore, cites this enactment as D.C. Law 10-41, effective October 21, 1993.


DAVID A. CLARKE
Chairman of the Council

Dates Counted During the 30-day Congressional Review Period:

September 7,8,9,10,13,14,15,16,17,20,21,22,23,24,27,28,29,30

October 1,4,5,6,7,12,13,14,15,18,19,20

AN ACT

Codification

District of Columbia Code

D.C. ACT 10-76

(1994 Supplement)

New Chapter 30, Title 35

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

AUGUST 5, 1993

To set forth standards applicable to managing general agents; to require certain provisions to be included in contracts entered into by managing general agents; and to outline duties of the insurer.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Managing General Agents Act of 1993".

Sec. 2. Definitions.

For the purposes of this act, the term:

New Section
35-3001

(1) "Actuary" means a person who is a member in good standing of the American Academy of Actuaries.

(2) "District" means the District of Columbia.

(3) "Insurer" means any person, firm, association, or corporation duly licensed in the District as an insurance company pursuant to section 5 of chapter II of the Life Insurance Act, approved June 19, 1934 (48 Stat. 1131; D.C. Code § 35-404), and section 2 of chapter II of the Fire and Casualty Act, approved October 9, 1940 (54 Stat. 1066; D.C. Code § 35-1505).

(4) "Managing general agent" means any person, firm, association, or corporation who:

(A) Negotiates and binds ceding reinsurance contracts on behalf of an insurer; or

(B) Manages all or part of the insurance business of an insurer, including the management of a separate division, department, or underwriting office; and

(C) Acts as an agent for such an insurer whether known as a managing general agent, manager, or other similar term, who, with or without the authority, either separately or together with affiliates, produces, directly or indirectly, and underwrites an amount of gross direct written premiums equal to or more than 5% of the policyholder surplus as reported in the last annual statement of the insurer in any one quarter or year, and, in addition, adjusts or pays claims in excess of an amount determined by the Mayor, or negotiates reinsurance on behalf of the insurer.

(D) Notwithstanding the above definition, the term "managing general agent" shall not apply to the following persons for the purposes of this act:

(i) An employee of the insurer;

(ii) A United States manager of the United States branch of an alien insurer;

(iii) An underwriting manager who, pursuant to contract, manages all or part of the insurance operations of the insurer, is under common control with the insurer, subject to the Holding Company System Act of 1993, or its predecessor, and whose compensation is not based on the volume of premiums written; or

(iv) The attorney-in-fact authorized by and acting for the subscribers of a reciprocal insurer or inter-insurance exchange under powers of attorney.

(5) "Producers" means an insurance broker or brokers or any other person, firm, association, or corporation, when for any compensation, commission or other thing of value, such person, firm, association, or corporation acts or aids in any manner in soliciting, negotiating, or procuring the making of any insurance contract on behalf of an insured other than the person, firm, association, or corporation.

(6) "Underwrite" means the authority to accept or reject risks on behalf of the insurer.

Sec. 3. Licensure.

New Section
35-3002

(a) No person, firm, association, or corporation shall act in the capacity of a managing general agent with respect to risks located in the District for an insurer licensed in the District, unless the person is a licensed broker in the District.

(b) No person, firm, association, or corporation shall act in the capacity of a managing general agent representing an insurer domiciled in the District with respect to risks located outside the District, nor shall an insurers utilize the services of such a managing general agent, unless the person is licensed as a broker in the District, which license may be a nonresident license, pursuant to the provisions of this act.

(c) The Mayor may require a bond in an amount acceptable to him or her for the protection of the insurer.

(d) The Mayor may require the managing general agent to maintain an errors and omissions policy.

Sec. 4. Required contract provisions.

New Section
35-3003

No person, firm, association, or corporation acting in the capacity of a managing general agent shall place business with an insurer unless there is in force a written contract between the parties which sets forth the responsibilities of each party, and where both parties share responsibility for a particular function, specifies the division of the responsibilities, and which contains the following minimum provisions:

(1) The insurer may terminate the contract for cause upon written notice to the managing general agent. The insurer may suspend the underwriting authority of the managing general agent during the pendency of any dispute regarding the cause for termination.

(2) The managing general agent will render accounts to the insurer detailing all transactions and remit all funds due under the contract to the insurer on not less than a monthly basis.

(3) All funds collected for the account of an insurer will be held in a separate account by the managing general agent in a fiduciary capacity in a bank which is a member of the Federal Reserve System. This account shall be used for all payments on behalf of the insurer.

The managing general agent may retain no more than 3 months estimated claims payments and allocated loss adjustment expenses.

(4) Separate records of business written by the managing general agent will be maintained. The insurer shall have access and right to copy all accounts and records related to its business in a form usable by the insurer, and the Mayor shall have access to all books, bank accounts, and records of the managing general agent in a form usable to the Mayor. These records shall be retained according to section 657a of An Act To establish a code of law for the District of Columbia, approved May 17, 1932 (47 Stat. 158; D.C. Code § 35-204), section 39 of chapter III of the Life Insurance Act, approved June 19, 1934 (48 Stat. 1154; D.C. Code § 35-637), and section 10 of chapter II of the Fire and Casualty Act, approved October 9, 1940 (54 Stat. 1069; D.C. Code § 35-1513).

(e) The contract may not be assigned in whole or part by the managing general agent.

(f) Appropriate underwriting guidelines are required, including:

- (1) The maximum annual premium volume;
- (2) The basis of the rates to be charged;
- (3) The types of risks which may be written;
- (4) Maximum limits of liability;
- (5) Applicable exclusions;
- (6) Territorial limitations;
- (7) Policy cancellation provisions; and
- (8) The maximum policy period.

(g) The insurer shall have the right to cancel or not renew any policy of insurance subject to the applicable laws and regulations of the District governing the cancellation and nonrenewal of insurance policies.

(h) If the contract permits the managing general agent to settle claims on behalf of the insurer:

(1) All claims must be reported to the company within 48 hours of receipt.

(2) A copy of the claim file will be sent to the insurer at its request or as soon as it becomes known that the claim:

(A) Has the potential to exceed an amount determined by the Mayor or exceeds the limit set by the company, whichever is less;

(B) Involves a coverage dispute;

(C) May exceed the managing general agent's claims settlement authority;

(D) Is open for more than 6 months; or

(E) Is closed by payment of an amount set by the Mayor or an amount set by the company, whichever is less.

(3) All claim files will be the joint property of the insurer and managing general agent. Upon an order of liquidation of the insurer, however, these files shall become the sole property of the insurer or its estate; the managing general agent shall have reasonable access to and the right to copy the files on a timely basis.

(4) Any settlement authority granted to the managing general agent may be terminated for cause upon the insurer's written notice to the managing general agent or upon the termination of the contract. The insurer may suspend the settlement authority during the pendency of any dispute regarding the cause for termination.

(i) Where electronic claims files are in existence, the contract must address the timely transmission of the data.

(j) If the contract provides for a sharing of interim profits by the managing general agent, and the managing general agent has the authority to determine the amount of the interim profits by establishing loss reserves or controlling claim payments, or in any other manner, interim profits will not be paid to the managing general agent until 1 year after they are earned for property insurance business and 5 years after they are earned on casualty business and not until the profits have been verified pursuant to section 5.

(k) The managing general agent shall not:

(1) Bind reinsurance or retrocessions on behalf of the insurer, except that the managing general agent may bind facultative reinsurance contracts pursuant to obligatory facultative agreements if the contract with the insurer contains reinsurance underwriting guidelines including, for both reinsurance assumed and ceded, a list of reinsurers with which such automatic agreements are in effect, the coverages and amounts or percentages that may be reinsured and commission schedules;

(2) Commit the insurer to participate in insurance or reinsurance syndicates;

(3) Appoint any producer without assuring that the producer is lawfully licensed to transact the type of insurance for which he is appointed;

(4) Without prior approval of the insurer, pay or commit the insurer to pay a claim over a specified amount, net of reinsurance, which shall not exceed 1% of the insurer's policyholder's surplus as of December 31 of the last completed calendar year;

(5) Collect any payment from a reinsurer or commit the insurer to any claim settlement with a reinsurer without prior approval of the insurer. If prior approval is given, a report must be promptly forwarded to the insurer;

(6) Permit its subproducer to serve on the insurer's board of directors;

(7) Jointly employ an individual who is employed with the insurer; or

(8) Appoint a submanaging general agent.

Sec. 5. Duties of insurers.

(a) The insurer shall have on file an independent financial examination, in a form acceptable to the Mayor, of each managing general agent with which it has done business.

(b) If an 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. This is in addition to any other required loss reserve certification.

(c) The insurer shall periodically (at least semiannually) conduct an on-site review of the underwriting and claims processing operations of the managing general agent.

(d) Binding authority for all reinsurance contracts or participation in insurance or reinsurance syndicates shall rest with an officer of the insurer, who shall not be affiliated with the managing general agent.

New Section
35-3004

Enrolled Original

(e) Within 30 days of entering into or terminating a contract with an managing general agent, the insurer shall provide written notification of the appointment or termination to the Mayor. Notices of appointment of an managing general agent shall include a statement of duties which the applicant is expected to perform on behalf of the insurer, the lines of insurance for which the applicant is to be authorized to act, and any other information the Mayor may request.

(f) An insurer shall review its books and records each quarter to determine if any producer has, because of section 2(3), become a managing general agent as defined in that section. If the insurer determines that a producer has become a managing general agent pursuant to the above, the insurer shall promptly notify the producer and the Mayor of the determination, and the insurer and producer shall fully comply with the provisions of this act within 30 days.

(g) An insurer shall not appoint to its board of directors an officer, director, employee, subproducer, or controlling shareholder of its managing general agents. This subsection shall not apply to relationships governed by the Holding Company System Act of 1993 or, if applicable, the Business Transacted Producer Controlled Insurer Act of 1993.

Sec. 6. Examination authority.

The acts of the managing general agent are considered to be the acts of the insurer on whose behalf it is acting. An managing general agent may be examined as if it were the insurer.

New Section
35-3005

Sec. 7. Penalties and liabilities.

(a) If the Mayor determines that the managing general agent or any other person has not materially complied with this act, or any regulation or order promulgated thereunder, after notice and opportunity to be heard, the Mayor may order:

(1) For each separate violation, a penalty in an amount not exceeding \$10,000;

(2) Revocation or suspension of the producer's license; and

(3) If it was found that because of material noncompliance the insurer has suffered any loss or damage, the Commissioner may maintain a civil action brought by or on behalf of the insurer and its policyholders and creditors for recovery of compensatory damages for the benefit of the insurer and its policyholders and creditors, or other appropriate relief.

(b) If an order of rehabilitation or liquidation of the insurer has been entered pursuant to the Insurers Rehabilitation and Liquidation Act of 1993, and the receiver appointed under that order determines that the managing general agent or any other person has not materially complied with this act, or any regulation or order promulgated thereunder, and the insurer suffered any loss or damage, the receiver may maintain a civil action for recovery of damages or other appropriate sanctions for the benefit of the insurer.

(c) Nothing in this section shall affect the right of the Mayor to impose any other penalties provided in the insurance law of the District.

(d) Nothing in this act is intended to or shall in any manner limit or restrict the rights of policyholders, claimants, and auditors.

New Section
35-3006

Sec. 8. Rulemaking.

Note,
New Section
35-3001

The Mayor shall, pursuant to title 1 of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1204; D.C. Code §§ 1-1501 through 1-1510), issue rules to implement the provisions of this act. bsk

Sec. 9. Effective date.

This act shall take effect after a 30-day period of Congressional review following approval by the Mayor (or in the event of veto by the Mayor, action by the Council of the District of Columbia to override the veto) as provided in section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 813; D.C. Code § 1-233(c)(1)), and publication in either the District of Columbia Register, the District of Columbia Statutes-at-Large, or the District of Columbia Municipal Regulations.



Acting Chairman
Council of the District of Columbia

DEEMED APPROVED WITHOUT SIGNATURE
UPON EXPIRATION OF 10-DAY MAYORAL
REVIEW PERIOD.

NOT SIGNED

Mayor
District of Columbia

August 5, 1993



COUNCIL OF THE DISTRICT OF COLUMBIA

COUNCIL PERIOD TEN

RECORD OF OFFICIAL COUNCIL VOTE

DOCKET NO: B10-125

Item on Consent Calendar

ACTION & DATE: Adopted First Reading, 6-29-93

VOICE VOTE: Approved

Recorded vote on request

Absent: Barry and Chavous

ROLL CALL VOTE: — RESULT (/ /)

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. RAY					EVANS					SMITH, JR.				
BARRY					JARVIS					THOMAS, SR.				
BRAZIL					LIGHTFOOT									
CHAVOUS					MASON									
CROPP					NATHANSON									

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

CERTIFICATION RECORD

Dezli /ms
Secretary to the Council

July 16, 1993
Date

Item on Consent Calendar

ACTION & DATE: Adopted Final Reading, 7-13-93

VOICE VOTE: Approved

Recorded vote on request

Absent: Chavous

ROLL CALL VOTE: — RESULT (/ /)

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. RAY					EVANS					SMITH, JR.				
BARRY					JARVIS					THOMAS, SR.				
BRAZIL					LIGHTFOOT									
CHAVOUS					MASON									
CROPP					NATHANSON									

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

CERTIFICATION RECORD

Dezli /ms
Secretary to the Council

July 16, 1993
Date

Item on Consent Calendar

ACTION & DATE:

VOICE VOTE:

Recorded vote on request

Absent:

ROLL CALL VOTE: — RESULT (/ /)

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. RAY					EVANS					SMITH, JR.				
BARRY					JARVIS					THOMAS, SR.				
BRAZIL					LIGHTFOOT									
CHAVOUS					MASON									
CROPP					NATHANSON									

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

CERTIFICATION RECORD

Secretary to the Council

Date

COUNCIL OF THE DISTRICT OF COLUMBIA

1350 Pennsylvania Avenue, N.W.

Washington, D.C. 20004

Memorandum

To: Members of the Council
From: Phyllis Jones, Secretary to the Council M
Date: August 9, 1993
Subject: Correspondence from the Mayor - "Return of Bill 10-125, "Managing General Agents Act of 1993".

The attached correspondence regarding the "Return of Bill 10-125, "Managing General Agents Act of 1993", is circulated for your review and information. Copies may be obtained from the Legislative Services Division, Room 28.

cc: Legislative Services Division



RECEIVED

AN ACT

Codification

'93 AUG -5 P2:00

District of Columbia Code

(1994 Supplement)

New Chapter 30, Title 35

OFFICE OF THE SECRETARY
DIST. OF COLUMBIA COUNCIL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To set forth standards applicable to managing general agents; to require certain provisions to be included in contracts entered into by managing general agents; and to outline duties of the insurer.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Managing General Agents Act of 1993".

Sec. 2. Definitions.

For the purposes of this act, the term:

New Section
35-3001

- (1) "Actuary" means a person who is a member in good standing of the American Academy of Actuaries.
- (2) "District" means the District of Columbia.
- (3) "Insurer" means any person, firm, association, or corporation duly licensed in the District as an insurance company pursuant to section 5 of chapter II of the Life Insurance Act, approved June 19, 1934 (48 Stat. 1131; D.C. Code § 35-404), and section 2 of chapter II of the Fire and Casualty Act, approved October 9, 1940 (54 Stat. 1066; D.C. Code § 35-1505).

(4) "Managing general agent" means any person, firm, association, or corporation who:

- (A) Negotiates and binds ceding reinsurance contracts on behalf of an insurer; or
- (B) Manages all or part of the insurance business of an insurer, including the management of a separate division, department, or underwriting office; and
- (C) Acts as an agent for such an insurer whether known as a managing general agent, manager, or other similar term, who, with or without the authority, either separately or together with affiliates, produces, directly or indirectly, and underwrites an amount of gross direct written premiums equal to or more than 5% of the policyholder surplus as reported in the last annual statement of the insurer in any one quarter or year, and, in addition, adjusts or pays claims in excess of an amount determined by the Mayor, or negotiates reinsurance on behalf of the insurer.

(D) Notwithstanding the above definition, the term "managing general agent" shall not apply to the following persons for the purposes of this act:

- (i) An employee of the insurer;

(ii) A United States manager of the United States branch of an alien insurer;

(iii) An underwriting manager who, pursuant to contract, manages all or part of the insurance operations of the insurer, is under common control with the insurer, subject to the Holding Company System Act of 1993, or its predecessor, and whose compensation is not based on the volume of premiums written; or

(iv) The attorney-in-fact authorized by and acting for the subscribers of a reciprocal insurer or inter-insurance exchange under powers of attorney.

(5) "Producers" means an insurance broker or brokers or any other person, firm, association, or corporation, when for any compensation, commission or other thing of value, such person, firm, association, or corporation acts or aids in any manner in soliciting, negotiating, or procuring the making of any insurance contract on behalf of an insured other than the person, firm, association, or corporation.

(6) "Underwrite" means the authority to accept or reject risks on behalf of the insurer.

Sec. 3. Licensure.

(a) No person, firm, association, or corporation shall act in the capacity of a managing general agent with respect to risks located in the District for an insurer licensed in the District, unless the person is a licensed broker in the District.

(b) No person, firm, association, or corporation shall act in the capacity of a managing general agent representing an insurer domiciled in the District with respect to risks located outside the District, nor shall an insurers utilize the services of such a managing general agent, unless the person is licensed as a broker in the District, which license may be a nonresident license, pursuant to the provisions of this act.

(c) The Mayor may require a bond in an amount acceptable to him or her for the protection of the insurer.

(d) The Mayor may require the managing general agent to maintain an errors and omissions policy.

New Section
35-3002

Sec. 4. Required contract provisions.

No person, firm, association, or corporation acting in the capacity of a managing general agent shall place business with an insurer unless there is in force a written contract between the parties which sets forth the responsibilities of each party, and where both parties share responsibility for a particular function, specifies the division of the responsibilities, and which contains the following minimum provisions:

(1) The insurer may terminate the contract for cause upon written notice to the managing general agent. The insurer may suspend the underwriting authority of the managing general agent during the pendency of any dispute regarding the cause for termination.

(2) The managing general agent will render accounts to the insurer detailing all transactions and remit all funds due under the contract to the insurer on not less than a monthly basis.

(3) All funds collected for the account of an insurer will be held in a separate account by the managing general agent in a fiduciary capacity in a bank which is a member of the Federal Reserve System. This account shall be used for all payments on behalf of the insurer.

New Section
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The managing general agent may retain no more than 3 months estimated claims payments and allocated loss adjustment expenses.

(4) Separate records of business written by the managing general agent will be maintained. The insurer shall have access and right to copy all accounts and records related to its business in a form usable by the insurer, and the Mayor shall have access to all books, bank accounts, and records of the managing general agent in a form usable to the Mayor. These records shall be retained according to section 657a of An Act To establish a code of law for the District of Columbia, approved May 17, 1932 (47 Stat. 158; D.C. Code § 35-204), section 39 of chapter III of the Life Insurance Act, approved June 19, 1934 (48 Stat. 1154; D.C. Code § 35-637), and section 10 of chapter II of the Fire and Casualty Act, approved October 9, 1940 (54 Stat. 1069; D.C. Code § 35-1513).

(e) The contract may not be assigned in whole or part by the managing general agent.

(f) Appropriate underwriting guidelines are required, including:

- (1) The maximum annual premium volume;
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- (6) Territorial limitations;
- (7) Policy cancellation provisions; and
- (8) The maximum policy period.

(g) The insurer shall have the right to cancel or not renew any policy of insurance subject to the applicable laws and regulations of the District governing the cancellation and nonrenewal of insurance policies.

(h) If the contract permits the managing general agent to settle claims on behalf of the insurer:

(1) All claims must be reported to the company within 48 hours of receipt.

(2) A copy of the claim file will be sent to the insurer at its request or as soon as it becomes known that the claim:

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(C) May exceed the managing general agent's claims settlement authority;

(D) Is open for more than 6 months; or

(E) Is closed by payment of an amount set by the Mayor or an amount set by the company, whichever is less.

(3) All claim files will be the joint property of the insurer and managing general agent. Upon an order of liquidation of the insurer, however, these files shall become the sole property of the insurer or its estate; the managing general agent shall have reasonable access to and the right to copy the files on a timely basis.

(4) Any settlement authority granted to the managing general agent may be terminated for cause upon the insurer's written notice to the managing general agent or upon the termination of the contract. The insurer may suspend the settlement authority during the pendency of any dispute regarding the cause for termination.

(i) Where electronic claims files are in existence, the contract must address the timely transmission of the data.

(j) If the contract provides for a sharing of interim profits by the managing general agent, and the managing general agent has the authority to determine the amount of the interim profits by establishing loss reserves or controlling claim payments, or in any other manner, interim profits will not be paid to the managing general agent until 1 year after they are earned for property insurance business and 5 years after they are earned on casualty business and not until the profits have been verified pursuant to section 5.

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(2) Commit the insurer to participate in insurance or reinsurance syndicates;

(3) Appoint any producer without assuring that the producer is lawfully licensed to transact the type of insurance for which he is appointed;

(4) Without prior approval of the insurer, pay or commit the insurer to pay a claim over a specified amount, net of reinsurance, which shall not exceed 1% of the insurer's policyholder's surplus as of December 31 of the last completed calendar year;

(5) Collect any payment from a reinsurer or commit the insurer to any claim settlement with a reinsurer without prior approval of the insurer. If prior approval is given, a report must be promptly forwarded to the insurer;

(6) Permit its subproducer to serve on the insurer's board of directors;

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Sec. 5. Duties of insurers.

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(b) If an 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. This is in addition to any other required loss reserve certification.

(c) The insurer shall periodically (at least semiannually) conduct an on-site review of the underwriting and claims processing operations of the managing general agent.

(d) Binding authority for all reinsurance contracts or participation in insurance or reinsurance syndicates shall rest with an officer of the insurer, who shall not be affiliated with the managing general agent.

New Section
35-3004

Enrolled Original

(e) Within 30 days of entering into or terminating a contract with an managing general agent, the insurer shall provide written notification of the appointment or termination to the Mayor. Notices of appointment of an managing general agent shall include a statement of duties which the applicant is expected to perform on behalf of the insurer, the lines of insurance for which the applicant is to be authorized to act, and any other information the Mayor may request.

(f) An insurer shall review its books and records each quarter to determine if any producer has, because of section 2(3), become a managing general agent as defined in that section. If the insurer determines that a producer has become a managing general agent pursuant to the above, the insurer shall promptly notify the producer and the Mayor of the determination, and the insurer and producer shall fully comply with the provisions of this act within 30 days.

(g) An insurer shall not appoint to its board of directors an officer, director, employee, subproducer, or controlling shareholder of its managing general agents. This subsection shall not apply to relationships governed by the Holding Company System Act of 1993 or, if applicable, the Business Transacted Producer Controlled Insurer Act of 1993.

Sec. 6. Examination authority.

The acts of the managing general agent are considered to be the acts of the insurer on whose behalf it is acting. An managing general agent may be examined as if it were the insurer.

New Section
35-3005

Sec. 7. Penalties and liabilities.

(a) If the Mayor determines that the managing general agent or any other person has not materially complied with this act, or any regulation or order promulgated thereunder, after notice and opportunity to be heard, the Mayor may order:

- (1) For each separate violation, a penalty in an amount not exceeding \$10,000;
- (2) Revocation or suspension of the producer's license; and
- (3) If it was found that because of material noncompliance the insurer has suffered any loss or damage, the Commissioner may maintain a civil action brought by or on behalf of the insurer and its policyholders and creditors for recovery of compensatory damages for the benefit of the insurer and its policyholders and creditors, or other appropriate relief.

(b) If an order of rehabilitation or liquidation of the insurer has been entered pursuant to the Insurers Rehabilitation and Liquidation Act of 1993, and the receiver appointed under that order determines that the managing general agent or any other person has not materially complied with this act, or any regulation or order promulgated thereunder, and the insurer suffered any loss or damage, the receiver may maintain a civil action for recovery of damages or other appropriate sanctions for the benefit of the insurer.

(c) Nothing in this section shall affect the right of the Mayor to impose any other penalties provided in the insurance law of the District.

(d) Nothing in this act is intended to or shall in any manner limit or restrict the rights of policyholders, claimants, and auditors.

New Section
35-3006

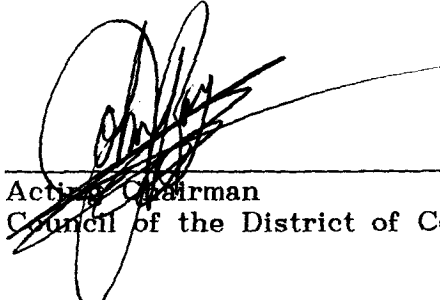
Sec. 8. Rulemaking.

Note,
New Section
35-3001

The Mayor shall, pursuant to title 1 of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1204; D.C. Code §§ 1-1501 through 1-1510), issue rules to implement the provisions of this act. bsk

Sec. 9. Effective date.

This act shall take effect after a 30-day period of Congressional review following approval by the Mayor (or in the event of veto by the Mayor, action by the Council of the District of Columbia to override the veto) as provided in section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 813; D.C. Code § 1-233(c)(1)), and publication in either the District of Columbia Register, the District of Columbia Statutes-at-Large, or the District of Columbia Municipal Regulations.



Acting Chairman
Council of the District of Columbia

DEEMED APPROVED WITHOUT SIGNATURE
UPON EXPIRATION OF 10-DAY MAYORAL
REVIEW PERIOD.

NOT SIGNED

Mayor
District of Columbia

August 5, 1993



COUNCIL OF THE DISTRICT OF COLUMBIA

COUNCIL PERIOD TEN

RECORD OF OFFICIAL COUNCIL VOTE

B10-125

DOCKET NO: _____

Item on Consent Calendar

ACTION & DATE: _____ Adopted First Reading, 6-29-93

VOICE VOTE: _____ Approved

Recorded vote on request

Absent: _____ Barry and Chavous

ROLL CALL VOTE: — RESULT _____ (_ / _ / _)

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. RAY					EVANS					SMITH, JR.				
BARRY					JARVIS					THOMAS, SR.				
BRAZIL					LIGHTFOOT									
CHAVOUS					MASON									
CROPP					NATHANSON									

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

CERTIFICATION RECORD

Quigley
Secretary to the Council

July 16, 1993
Date

Item on Consent Calendar

ACTION & DATE: _____ Adopted Final Reading, 7-13-93

VOICE VOTE: _____ Approved

Recorded vote on request

Absent: _____ Chavous

ROLL CALL VOTE: — RESULT _____ (_ / _ / _)

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. RAY					EVANS					SMITH, JR.				
BARRY					JARVIS					THOMAS, SR.				
BRAZIL					LIGHTFOOT									
CHAVOUS					MASON									
CROPP					NATHANSON									

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

CERTIFICATION RECORD

Quigley
Secretary to the Council

July 16, 1993
Date

Item on Consent Calendar

ACTION & DATE: _____

VOICE VOTE: _____

Recorded vote on request

Absent: _____

ROLL CALL VOTE: — RESULT _____ (_ / _ / _)

COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.	COUNCIL MEMBER	AYE	NAY	N.V.	A.B.
CHMN. RAY					EVANS					SMITH, JR.				
BARRY					JARVIS					THOMAS, SR.				
BRAZIL					LIGHTFOOT									
CHAVOUS					MASON									
CROPP					NATHANSON									

X — Indicates Vote A.B. — Absent N.V. — Present, not voting

CERTIFICATION RECORD

Secretary to the Council

Date

