



**MANAGING GENERAL AGENT (MGA)  
CONTRACT COMPLIANCE VERIFICATION FORM**

34 State House Station  
Augusta, ME 04333-0034  
207-624-8489

This form is to be completed as part of the application process. The contract will be compared with the form and the applicant contacted if there are any questions or further clarification is needed.  
This information is required pursuant to Title 24-A M.R.S.A. Chapter 16 §1494

Contract between \_\_\_\_\_  
and \_\_\_\_\_

Dated: \_\_\_\_\_

**Responsibilities**

Contract specifies division of any responsibilities shared by both parties. \_\_\_\_\_

**Termination**

- Insurer may terminate contract upon written notice to MGA. Contract cite: \_\_\_\_\_
- Insurer may suspend MGA's underwriting authority while termination dispute is pending. Contract cite: \_\_\_\_\_
- Suspension does not relieve MGA of obligation to service existing business. Contract cite: \_\_\_\_\_

**Accounting**

MGA shall render accounts to insurer detailing all transactions and remit all funds due under contract on at least a monthly basis. Contract cite: \_\_\_\_\_

**Fiduciary Accounts**

- All funds collected on behalf of insurer are to be held in fiduciary capacity in bank that is member of Federal Reserve System. Contract cite: \_\_\_\_\_
- Account will be used for all payments of behalf of insurer. Contract cite: \_\_\_\_\_
- MGA will not retain more that 3 months estimated claims payments and allocated loss adjustment expenses. Contract cite: \_\_\_\_\_

**Records**

- Separate records of business will be maintained by MGA. Contract cite: \_\_\_\_\_
- Insurer has access and may copy all accounts and records related to its business in a form usable by the insurer. Contract cite: \_\_\_\_\_
- Superintendent has access to all books, bank accounts and records of MGA in a form usable to the Superintendent. Contract cite: \_\_\_\_\_
- Records will be retained for at least 6 years in accordance with usual and accepted principles and practices of insurance accounting. (Title 24-A M.R.S.A. §3408 & §3410). Contract cite: \_\_\_\_\_

**Underwriting guidelines.**

- Maximum annual premium volume Contract cite: \_\_\_\_\_
- Basis of rates to be charged Contract cite: \_\_\_\_\_
- Types of risks that may be written Contract cite: \_\_\_\_\_
- Maximum limits of liability Contract cite: \_\_\_\_\_
- Applicable exclusions Contract cite: \_\_\_\_\_
- Territorial limitations Contract cite: \_\_\_\_\_
- Policy cancellation provisions Contract cite: \_\_\_\_\_
- Maximum policy period Contract cite: \_\_\_\_\_
- Insurer has right to cancel or not renew any policy subject to all applicable laws and rules regarding the cancellation and nonrenewal of insurance policies. Contract cite: \_\_\_\_\_

**Settlement Authority** (If contract permits MGA to settle claims on behalf of insurer)

- All claims will be reported to insurer in timely manner. Contract cite: \_\_\_\_\_
- Copy of claim file will be sent to insurer at its request or as soon as it becomes known that claim: Contract cite: \_\_\_\_\_

- Has potential to exceed amount determined by Superintendent or exceeds the limit set by the insurer, whichever is less. **Contract cite:** \_\_\_\_\_
- Involves a coverage dispute. **Contract cite:** \_\_\_\_\_
- May exceed MGA's claim settlement authority. **Contract cite:** \_\_\_\_\_
- Is open for more than 6 months. **Contract cite:** \_\_\_\_\_
- Is closed by payment of an amount awarded as a result of a judicial proceeding or an amount set by insurer, whichever is less. **Contract cite:** \_\_\_\_\_
- All claim files are joint property of insurer and MGA **Contract cite:** \_\_\_\_\_  
(Upon order of liquidation of insurer, files become sole property of insurer or its estate.)
- MGA has reasonable access to files. **Contract cite:** \_\_\_\_\_
- Insurer may terminate settlement authority upon written notice or upon termination of contract. **Contract cite:** \_\_\_\_\_
- Insurer may suspend settlement authority while termination dispute is pending. **Contract cite:** \_\_\_\_\_
- Upon termination of settlement authority MGA shall: **Contract cite:** \_\_\_\_\_
  - Desist from any draw on funds of insurer. **Contract cite:** \_\_\_\_\_
  - Immediately forward to insurer all claims files within MGA's immediate possession (and any received thereafter). **Contract cite:** \_\_\_\_\_
  - Promptly transfer to insurer any funds owed to insurer or to any policyholder. **Contract cite:** \_\_\_\_\_
  - Promptly transfer to insurer any property of insurer within MGA's actual or constructive possession. **Contract cite:** \_\_\_\_\_

**Transmission**

- If electronic claims files exist - contract addresses timely data transmission. **Contract cite:** \_\_\_\_\_

**Interim profits (If applicable)**

- Interims may not be paid until 1 year after earned for property; 5 years for casualty. **Contract cite:** \_\_\_\_\_
- Interims may not be paid until verified by actuary. **Contract cite:** \_\_\_\_\_

**MGA may not:**

- Assign contract (in whole or part). **Contract cite:** \_\_\_\_\_
- Bind reinsurance or retrocessions (except facultative agreement contract containing: **Contract cite:** \_\_\_\_\_
  - Reinsurance underwriting guidelines for reinsurance assumed and ceded. **Contract cite:** \_\_\_\_\_
  - List of reinsurers with which automatic agreements are in effect. **Contract cite:** \_\_\_\_\_
  - Coverages and amounts or percentages that may be reinsured. **Contract cite:** \_\_\_\_\_
  - Commission schedules.) **Contract cite:** \_\_\_\_\_
- Commit insurer to participate in insurance or reinsurance syndicates. **Contract cite:** \_\_\_\_\_
- Use any producer without verifying producer is licensed in Maine for kind of insurance transacted. **Contract cite:** \_\_\_\_\_
- Collect any payment from reinsurer or commit insurer to any claim settlement with a reinsurer without prior approval of insurer, and if prior approval is given, MGA will promptly forward report to insurer. **Contract cite:** \_\_\_\_\_
- Pay or commit insurer to pay a claim over amount specified by insurer, net or reinsurance, which may not exceed 1% of insurer's policyholder surplus as of December 31 of preceding year. **Contract cite:** \_\_\_\_\_
- Use any producer on insurer's board. **Contract cite:** \_\_\_\_\_
- Jointly employ any employee of insurer. **Contract cite:** \_\_\_\_\_
- Assign any of its specific contractual duties to others. **Contract cite:** \_\_\_\_\_

**For Bureau Use only:**

Reviewer: \_\_\_\_\_ Date \_\_\_\_\_

Contract in compliance as of \_\_\_\_\_