

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

500.1155 Transactions between reinsurance intermediary-broker and insurer; authorization.

Sec. 1155. Transactions between a reinsurance intermediary-broker and the insurer it represents in such capacity shall be entered into only pursuant to a written authorization, specifying the responsibilities of each party. The authorization shall, at a minimum, provide for all of the following:

- (a) That the insurer may terminate the reinsurance intermediary-broker's authority at any time.
- (b) That the reinsurance intermediary-broker will render accounts to the insurer accurately detailing all material transactions, including information necessary to support all commissions, charges, and other fees received by, or owing to, the reinsurance intermediary-broker, and remit all funds due to the insurer within 30 days of receipt.
- (c) That all funds collected for the insurer's account will be held by the reinsurance intermediary-broker in a fiduciary capacity in a bank that is a qualified United States financial institution.
- (d) That the reinsurance intermediary-broker will comply with the record-keeping requirements of section 1157.
- (e) That the insurer will have access and the right to copy and audit all accounts and records maintained by the reinsurance intermediary-broker related to its business in a form usable by the insurer.
- (f) That the reinsurance intermediary-broker will comply with the written standards established by the insurer for the cession or retrocession of all risks.
- (g) That the reinsurance intermediary-broker will disclose to the insurer any relationship with any reinsurer to which business will be ceded or retroceded.

History: Add. 1994, Act 226, Imd. Eff. June 27, 1994.

Popular name: Act 218