MGA Contract Compliance Checklist

 The MGA Contract Compliance Checklist along with a copy of the contract between the MGA and Insured, should be provided with ALL Initial MGA applications and anytime there is a change in the contract of a renewing MGA applicant. If there have not been changes made to the existing contract, no checklist or contract copy is required for renewals

Directions: *Please indicate where in the contract each State code citation is referenced.*
The exact location should be indicated. (ex. Page 4, Article IV, Section B, 1(a)
Highlight each location within the contract.

Contract Reference Location	Department Use	
		IC 27-1-33-7-(1) Insurer may terminate the contract for cause upon written notice to the MGA, and may suspend the underwriting authority of the MGA during the pendency of any dispute regarding the cause of termination.
		IC 27-1-33-7(2) The MGA will: (a) Render Accounts to the reinsurer detailing all transactions; and (b) Remit all funds due under the contract to the insurer on not less than a monthly basis.
		IC 27-1-33-7(3) All funds collected for the account of an insurer will be held by the MGA in a fiduciary capacity in a bank that is a member of the Federal Reserve System. This account shall be used for all payments on behalf of the insurer. The MGA may retain not more than three (3) months estimated claims payments and allocated loss adjustment expenses.
		IC 27-1-33-7(4) Separate records of business written by the MGA shall 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 commissioner shall have access to all books, bank accounts, and records of the MGA in a form useable to the commissioner.
		IC 27-1-33-7(5) Contracts may not be assigned in whole or part by the MGA

Contract Reference Location	Department Use

IC 27-1-33-7(6)

Appropriate underwriting guidelines, including the following:

   (a) Maximum annual premium volume

   (b) Basis of the rates to be charged.

   (c) Types of risks which may be written.

   (d) Maximum limits of liability

   (e) Applicable exclusions.

   (f) Territorial limitations

   (g) Policy cancellation provisions

   (h) Maximum policy period.

IC 27-1-33-7(7)

The Insurer has the right to cancel or non-renew any policy of insurance subject to the applicable laws and regulations concerning the cancellation and non-renewal of insurance policies.

IC 27-1-33-7(8)

If the contract permits the MGA to settle claims on behalf of the insurer the following apply:

   (A) All claims must be reported to the company in a timely manner

   (B) 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:

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

      (ii) Involves a coverage dispute:

      (iii) May exceed the MGA's claims settlement authority;

      (iv) Is open for more than six (6) months; or

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

   (C) All claim files will be joint property of the insurer and MGA. However, upon an order of liquidation of the insurer, those files shall become the sole property of the insurer of its estate. The MGA shall have reasonable access to and the right to copy the files on a timely basis.

   (D) Any settlement authority granted to the MGA may be terminated for cause upon the insurer's written notice to the MGA 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.

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		IC 27-1-33-7(9) Where electronic claims files are in existence, the contract must address the timely transmission of the data in those files.
		IC 27-1-33-7(10) If the contract provides for a sharing interim profits by the MGA, and the MGA 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 MGA: (a) Until one (1) year after the profits are earned, for property insurance business, and five (5) years after the profits are earned on casualty business; and (b) Until the profits have been verified pursuant to section eight (8) of this chapter.
		IC 27-1-33-7(11) The MGA may not do any of the following: (a) Bind reinsurance or retrocession's on behalf of the insurer, except that the MGA 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 the automatic agreements are in effect, the coverage and amounts or percentages that may be reinsured, and commission schedules. (b) Commit the insurer to participate in insurance or reinsurance syndicates. (c) Appoint any producer without assuring that the producer is lawfully licensed to transact the type of insurance for which the producer is appointed. (d) Without prior approval of the insurer, pay or commit the insurer to pay a claim over a specified amount, net of reinsurance, which may not exceed one percent (1%) of the insurer's policyholder's surplus as of December 31st of the last completed calendar year before the payment or commitment. (e) 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. (f) Permit its subproducer to serve on the insurer's board of directors. (g) Jointly employ an individual who is employed with the insurer, unless the MGA and the insurer are affiliated in an insurance holding company system. (h) Appoint a sub-MGA