



Department of Business Regulation

1511 Pontiac Avenue
Cranston, RI 02920

Insurance Bulletin Number 2016-7

Managing General Agents

This Bulletin supersedes Insurance Bulletin 2003-6. R.I. Gen. Laws § 27-51-2(3)(i) defines a Managing General Agent (“MGA”) subject to the provisions of R.I. Gen. Laws § 27-51-1 *et seq.* The definition of MGA in R.I. Gen. Laws § 27-51-2(3)(i) provides that, in addition to the other requirements detailed in the definition, a person, firm, association or corporation is an MGA if he/she/it “(A) adjusts or pays claims in excess of an amount determined by the insurance commissioner or (B) negotiates reinsurance on behalf of the insurer.” All entities acting as an MGA must obtain an insurance producer business entity license with an MGA line of authority.

The Insurance Division has determined that adjustment or payment of claims in excess of ten thousand dollars (\$10,000) satisfies the subsection (A) requirement. Therefore, if an MGA meets the other requirements of R.I. Gen. Laws § 27-51-2(3)(i) and adjusts or pays an amount per claim in excess of ten thousand dollars (\$10,000), that person or entity is an MGA subject to the provisions of R.I. Gen. Laws § 27-51-1 *et seq.*

Pursuant to R.I. Gen. Laws § 27-51-3(c) the Insurance Division requires that an MGA obtain and maintain a surety bond for the protection of the insurer. The bond amount shall be at least one hundred thousand dollars (\$100,000) or ten percent (10%) of the MGA’s total annual written premium nationwide produced by the MGA for the insurer in the prior calendar year, but in no event greater than five hundred thousand dollars (\$500,000).

Filings pursuant to R.I. Gen. Laws § 27-51-5(e) should only be made by MGA’s entering into and/or terminating a contract with a RI Domestic insurer. Such contracts should be submitted, with an explanation including the insurer involved, to dbr.inslic@dbr.ri.gov. The Department will rely on the domiciliary regulator of the insurer for all other contracts.

Applicants should apply electronically for this line of authority at www.nipr.com. Any questions concerning this bulletin or business entity licensing should be directed to dbr.inslic@dbr.ri.gov.

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Superintendent of Insurance

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