

**Rules of  
Department of Insurance  
Division 200—Financial Examination  
Chapter 10—Managing General Agent (MGA)**

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## Title 20—DEPARTMENT OF INSURANCE

### Division 200—Financial Examination Chapter 10—Managing General Agent (MGA)

#### 20 CSR 200-10.100 Who Must File

*PURPOSE: This rule implements and administers sections 375.147—375.153, RSMo regarding who must file.*

(1) Who Must File. An insurer must file the documents required under 20 CSR 200-10.200 for appointment of a managing general agent (MGA), if the insurer is—

(A) A foreign insurer holding a certificate of authority to transact insurance business in this state and has any person, firm, association or corporation who—

1. Produces, directly or indirectly, and underwrites an amount of gross premium equal to or more than five percent (5%) of the policyholder surplus as reported in any one (1) quarter or year together with one (1) or both of the following:

A. Adjusts or pays claims in excess of ten thousand dollars (\$10,000) per claim; or

B. Negotiates reinsurance on behalf of the insurer; and

2. With respect to any risk located in this state, produces, directly or indirectly, and underwrites and, either or both—

A. Adjusts or pays claims in excess of ten thousand dollars (\$10,000) per claim or five percent (5%) of the insurer's policyholder surplus in the aggregate per year; or

B. Negotiates reinsurance on behalf of the insurer; or

(B) Domiciled in this state and has any person, firm, association or corporation who produces, directly or indirectly, and underwrites an amount of gross premium equal to more than five percent (5%) of the policyholder surplus as reported in any one (1) quarter or year together with one (1) or both of the following:

1. Adjusts or pays claims; or

2. Negotiates reinsurance on behalf of the insurer.

(2) Exceptions. Notwithstanding the provisions of section (1) of this rule, no insurer need file for appointment as an MGA any of the following persons:

(A) An employee of the insurer;

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

(C) An underwriting manager which, pursuant to contract, manages all the insurance operations of the insurer, is under common control with the insurer and has its transac-

tions with the insurer subject to the provisions of Chapter 382, RSMo;

(D) A person acting solely as a third-party administrator and who is registered under section 375.925, RSMo; and

(E) The authorized attorney-in-fact acting on behalf of subscribers of a reciprocal or interinsurance exchange.

*Auth: sections 374.045, RSMo (1986) and 375.153, RSMo (Cum. Supp. 1990).\* This rule was previously filed as 4 CSR 190-11.340(1) and (2). Original rule filed Jan. 22, 1991, effective July 8, 1991. Amended: Filed June 16, 1992, effective Feb. 26, 1993.*

*\*Original authority: 374.045, RSMo (1967) and 375.153, RSMo (1990).*

#### 20 CSR 200-10.200 Filings Required Within Thirty Days of Appointment of an MGA

*PURPOSE: This rule implements and administers sections 375.147—375.153, RSMo regarding filings required within thirty days of appointment.*

(1) Any insurer who is required under 20 CSR 200-10.100 to file for appointment of a managing general agent (MGA) must complete and file the following within thirty (30) days of that appointment:

(A) The Appointment Form MGA-1. (see 20 CSR 200-10.500) This form must list all information requested, including, but not limited to, the name and Missouri insurance agent's license number of the MGA. Attached to Form MGA-1 shall be the following exhibits, unless the insurer has obtained an express waiver from the director:

1. A copy of a fidelity bond for the protection of the insurer in the minimum amount of one hundred thousand dollars (\$100,000) with no deductible; and

2. A copy of the MGA's errors and omissions liability policy in the minimum amounts of one hundred thousand dollars (\$100,000) per occurrence or claim and one (1) million dollars aggregate; and

(B) A duplicate copy of the executed contract between the MGA and the insurer. Form MGA-2 (see 20 CSR 200-10.500) is the form which must be used by all insurers domiciled in this state as the contract. An insurer not domiciled in this state must also use Form MGA-2, unless the insurer is domiciled in a state having a law substantially similar to sections 375.147—375.153, RSMo and the insurer files a contract which complies with the provisions of the MGAs Act.

*Auth: sections 374.045, RSMo (1986) and 375.153, RSMo (Cum. Supp. 1990).\* This rule was previously filed as 4 CSR 190-11.340(3). Original rule filed Jan. 22, 1991, effective July 8, 1991. Amended: Filed Nov. 3, 1992, effective May 6, 1993.*

*\*Original authority: 374.045, RSMo (1967) and 375.153, RSMo (1990).*

#### 20 CSR 200-10.300 What Must Be Certified and Filed Annually

*PURPOSE: This rule implements and administers sections 375.147—375.153, RSMo regarding what must be certified and filed annually.*

(1) What Must be Certified and Filed Annually. Each insurer which has appointed a managing general agent (MGA) annually each January 1 shall—

(A) Certify the existence or performance of the continued obligations imposed by section 375.150, RSMo by filing for each appointed MGA a completed certification on Form MGA-3 (see 20 CSR 200-10.500); and

(B) File a copy of the report of the most recent annual independent financial examination of the MGA. The independent financial examination shall be an audit by a certified public accountant.

*Auth: sections 374.045, RSMo (1986) and 375.153, RSMo (Cum. Supp. 1990).\* This rule was previously filed as 4 CSR 190-11.340(4). Original rule filed Jan. 22, 1991, effective July 8, 1991.*

*\*Original authority: 374.045, RSMo (1967) and 375.153, RSMo (1990).*

#### 20 CSR 200-10.400 Termination of Appointment

*PURPOSE: This rule implements and administers sections 375.147—375.153, RSMo regarding termination of appointment.*

Termination of Appointment. Within thirty (30) days after the termination of appointment of a managing general agent (MGA), an insurer shall complete and file Form MGA-4 (see 20 CSR 200-10.500).

*Auth: sections 374.045, RSMo (1986) and 375.153, RSMo (Cum. Supp. 1990).\* This rule was previously filed as 4 CSR 190-11.340(5). Original rule filed Jan. 22, 1991, effective July 8, 1991.*



*\*Original authority: 374.045, RSMo (1967) and 375.153, RSMo (1990).*

**20 CSR 200-10.500 Forms and Fees**

*PURPOSE: This rule implements and administers sections 375.147—375.153, RSMo regarding forms and fees.*

(1) The forms referred to in this chapter may be obtained from the Department of Insurance and may be freely copied.

(2) Fees. Documents filed pursuant to this chapter shall be accompanied by the fee set forth in section 374.230(6), RSMo. This fee will be charged for the filing of the appointment form (MGA-1) and the certification form (MGA-3). This fee will not be charged for the filing of the other forms.

*Auth: sections 374.045, RSMo (1986) and 375.153, RSMo (Cum. Supp. 1990). \* This rule was previously filed as 4 CSR 190-11.340(6). Original rule filed Jan. 22, 1991, effective July 8, 1991.*

*\*Original authority: 374.045, RSMo (1967) and 375.153, RSMo (1990).*



STATE OF MISSOURI  
DEPARTMENT OF INSURANCE  
**MANAGING GENERAL AGENTS (MGA) APPOINTMENT**

P.O. BOX 690  
JEFFERSON CITY, MO 65102-0690

**INSTRUCTIONS:**

This appointment form is to be completed by an insurance company representative for each MGA they utilize.  
Filing of this application does not give authority to your MGA. This authority does not exist until all required items are filed and a contract is stamped "APPROVED" and returned to the insurer by this office.  
This application must be accompanied by a \$50.00 filing fee.  
Please complete this form in full and submit with the required documents.

**INSURER INFORMATION**

NAME (FULL NAME OF INSURER)
HOME ADDRESS (STREET, CITY, STATE, ZIP CODE)
MAILING ADDRESS (STREET, CITY, STATE, ZIP CODE)

An MGA needs to be reported only if they manage all or part of the insurance business of an insurer and underwrites an amount of gross direct written premium equal to or more than 5% of the policyholder surplus. If an insurer has more than one MGA that meets these guidelines, a separate application must be completed for each.

MGA NAME	MGA LICENSE NO.	MGA TELEPHONE NO.
MGA ADDRESS (STREET, CITY, STATE, ZIP CODE)		
CONTACT PERSON OF MGA	CONTACT PERSON OF INSURANCE COMPANY	

**THE FOLLOWING DOCUMENTS MUST BE SUBMITTED WITH THIS APPLICATION FORM:**

1. Original copy of fidelity bond in the amount of \$100,000.
2. Copy of MGA's errors and omissions policy.
3. Duplicate copy of the executed contract between the MGA and the insurer. The contract form to be used will be provided by this office.

APPROVAL OF AN INSURER AND THEIR MANAGING GENERAL AGENT (MGA) IS GRANTED BY THE MISSOURI DEPARTMENT OF INSURANCE UPON RECEIPT BY THE INSURER OF AN "APPROVED" CONTRACT.

<b>MUST BE SIGNED IN PRESENCE OF NOTARY</b>	SIGNATURE 	TITLE (PRINT OR TYPE)
<b>NOTARY PUBLIC</b>		
NOTARY PUBLIC EMOSSER SEAL	STATE OF	COUNTY (OR CITY OF ST. LOUIS)
	SUBSCRIBED AND SWORN BEFORE ME, THIS DAY OF	19
	NOTARY PUBLIC SIGNATURE	MY COMMISSION EXPIRES
	NOTARY PUBLIC NAME (TYPED OR PRINTED)	
USE RUBBER STAMP IN CLEAR AREA BELOW.		

MO 375-0019 (10-92)

FORM MGA-1

EX



Managing General Agent's Contract

FORM MGA-2

Article I—Preamble

(1) The parties to this agreement are:

(a) \_\_\_\_\_ (the Insurer),

and

(b) \_\_\_\_\_ (Managing General Agent or MGA).

(2) The promises and agreements made by the insurer in this Managing General Agent's Contract are made in consideration of the promises and agreements made by the managing general agent. The promises and agreements made by the managing general agent in this Managing General Agent's Contract are made in consideration of the promises and agreements made by the insurer.

(3) This written Managing General Agent's Contract contains the entire agreement of the insurer and the managing general agent.

(4) This Managing General Agent's Contract will not become effective until signed by the insurer and the managing general agent, and is filed with and approved by the director of insurance of the state of Missouri.

Article II—Mandatory Provisions

Notwithstanding any provision in this Managing General Agent's Contract or any other written, oral or parol agreement to the contrary, the following provisions are binding upon the insurer and the managing general agent:

(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. Nothing in this section is intended to relieve the managing general agent or insurer of any other contractual obligation;

(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 by the managing general agent in a fiduciary capacity in a segregated account 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 and for no other purpose. The managing general agent may retain no more than three months' estimated claims payments and allocated loss adjustment expenses;

(4) Separate records of business written by the managing general agent 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 director of insurance of the state of Missouri shall have access to all books, bank accounts and records of the managing general agent in a form usable to the director. Such records shall be retained for a minimum of three years following the transactions to which the records relate;

(5) This contract may not be assigned in whole or part by the managing general agent;

(6) Appropriate underwriting guidelines are established in Article III of this managing general agent's agreement;

(7) The insurer shall retain the right to cancel or not renew any policy of insurance subject to the applicable laws and regulations concerning the cancellation and nonrenewal of insurance policies;

(8) This Managing General Agent's Contract (does/does not) permit the managing general agent to settle claims on behalf of the insurer. If this Managing General Agent's Contract permits the managing general agent to settle claims on behalf of the insurer:

(a) All claims must be reported to the insurer 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:

a. Has the potential to exceed \$24,000 or exceeds the limit set by the insurer, (\$ \_\_\_\_\_), 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 six months; or

e. Is closed by payment of \$24,000 or the amount set by the insurer, whichever is less;

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

(d) 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 the dispute regarding the cause of termination. Nothing in this paragraph is intended to relieve the managing general agent or insurer or any other contractual obligation; and

(e) Article III contains other provisions relating to the settlement of claims by the managing general agent on behalf of the insurer.

(9) Electronic claims files (are/are not) in existence. If such files are in existence, Article III of this Managing General Agent's Contract will contain provisions which govern the timely transmission of the data by the managing general agent to the insurer.

(10) This contract (does/does not) provide for a sharing of interim profits by the managing general agent. If this contract does provide for such sharing, then:

(a) Provisions for such sharing are described in Article III of this Managing General Agent's Contract; and

(b) If 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 one year after they are earned for property insurance business and five years after they are earned on casualty business and not until the profits have been verified pursuant to the Missouri Managing General Agent's Act.

(11) The managing general agent shall not:

(a) Bind reinsurance or retrocessions on behalf of the insurer. The managing general agent (however, may/may not) bind facultative reinsurance contracts pursuant to obligatory facultative agreements. If the managing general agent is permitted to bind facultative reinsurance contracts, this Managing General Agent's Contract will contain in Article III 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;

(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 s/he 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 shall not exceed one percent of the insurer's policyholder's surplus as of December 31 of the immediately preceding calendar year;

(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 its board of directors;

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

(h) Appoint a subordinate managing general agent.

#### Article III—Optional Provisions

(1) The following are underwriting guidelines for the managing general agent (see Article II (6)):

(a) The maximum annual premium volume: \_\_\_\_\_

(b) The basis of the rates to be charged: \_\_\_\_\_

(c) The types of risks which may be written: \_\_\_\_\_

(d) Maximum limits of liability: \_\_\_\_\_

(e) Applicable exclusions: \_\_\_\_\_

(f) Territorial limitations: \_\_\_\_\_

(g) Policy cancellation provisions: \_\_\_\_\_



(h) The maximum policy period: \_\_\_\_\_  
\_\_\_\_\_

(i) Other underwriting guidelines: \_\_\_\_\_  
\_\_\_\_\_

(2) The following provisions govern the settlement of claims by the managing general agent on behalf of the insurer (see Article II (8)(c)):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(3) The following provisions govern the timely transmission of data in electronic claims files by the managing general agent to the insurer (see Article II (9)):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(4) The following provisions govern the sharing of interim profits by the managing general agent (see Article II (10)):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(5) The following provisions govern reinsurance underwriting guidelines, for both reinsurance assumed and ceded, for the binding by the managing general agent of facultative reinsurance contracts (see Article II (11)(b)):

(a) List of reinsurers with which obligatory facultative reinsurance agreements are in effect:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



(b) The coverages and amounts or percentages that may be reinsured:

Five horizontal lines for handwritten input.

(c) Commission schedules:

Five horizontal lines for handwritten input.

(d) Other provisions relating to underwriting guidelines for facultative reinsurance:

Five horizontal lines for handwritten input.





Article IV—Other Provisions

(1) The provisions of this Article IV are in addition to and not in lieu of the provisions of Articles I, II and III. The provisions of Articles I, II and III shall be construed wherever possible as not in conflict and not in place of this Article IV, but as minimum requirements in addition to this Article IV. Only in the event of irreconcilable conflict, the provisions of Articles I, II and III will prevail over the provisions of this Article IV.

Multiple horizontal lines for text entry.

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

Signed: \_\_\_\_\_  
Name:  
Title:  
Insurer:

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

Signed: \_\_\_\_\_  
Name:  
Title:  
Managing General Agent:

# State of Missouri

DEPARTMENT OF



INSURANCE

P.O. Box 690, Jefferson City, MO 65102-0690

## MANAGING GENERAL AGENT'S CERTIFICATION AFFIDAVIT

I, \_\_\_\_\_, who holds the position of

(NAME OF INSURER REPRESENTATIVE)

\_\_\_\_\_, with the \_\_\_\_\_

(TITLE)

(NAME OF INSURER)

do hereby certify that, to the best of my knowledge of the facts of which I am presently aware, \_\_\_\_\_ has honored the Managing

(NAME OF MANAGING GENERAL AGENT)

General Agents contract in full and that \_\_\_\_\_

(NAME OF INSURER)

has obtained the attached actuarial opinion attesting to the adequacy of loss reserves established by \_\_\_\_\_

(NAME OF MANAGING GENERAL AGENT)

The Managing General Agent has also submitted their most recent annual audit conducted by a Certified Public Accountant which I am also submitting to the Missouri Department of Insurance with this affidavit.

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

Signed: \_\_\_\_\_

Title: \_\_\_\_\_



STATE OF MISSOURI  
DEPARTMENT OF INSURANCE  
**MANAGING GENERAL AGENTS (MGA) TERMINATION**

P.O. BOX 690  
JEFFERSON CITY, MO 65102-0690  
**THIS FORM MAY BE DUPLICATED**

**INSTRUCTIONS:**

1. Please type.
2. This form must be RECEIVED by the Department of Insurance no later than thirty (30) days after notification of termination is provided to all of the parties of the contract.
3. No fee is required for terminations.
4. A separate termination form must be completed for each termination.

NAME OF INSURER	
NAME OF MANAGING GENERAL AGENT BEING TERMINATED	DATE OF TERMINATION

ON BEHALF OF MY COMPANY, I CERTIFY THAT THE ABOVE CONTRACT HAS BEEN TERMINATED BY  
OUR COMPANY.

AUTHORIZED SIGNATURE 	DATE
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**20 CSR 200-10.600 On-Site Review**

*PURPOSE: This rule implements and administers sections 375.147—375.153, RSMo, with regard to more clearly defining the requirement that an insurer “shall periodically conduct an on-site review” of its managing general agents under section 375.150(3), RSMo.*

The requirement in section 375.150(3), RSMo that “the insurer shall periodically conduct an on-site review of the underwriting and claims processing operations of the managing general agent” will be deemed satisfied only if that review is conducted at least semiannually.

*Auth: sections 374.045, RSMo (1986) and 375.153, RSMo (Cum. Supp. 1990). \*Original rule filed Nov. 3, 1992, effective May 6, 1993.*

*\*Original authority: 374.045, RSMo (1967) and 375.153, RSMo (1990).*