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By: **Delegate Love**

Introduced and read first time: March 3, 1999  
Assigned to: Rules and Executive Nominations  
Re-referred to: Economic Matters, March 5, 1999

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Committee Report: Favorable  
House action: Adopted  
Read second time: March 23, 1999

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Surplus Lines Insurance - Offers of Renewal**

3 FOR the purpose of clarifying that surplus lines insurance may not be procured on  
4 certain residential property that is insured by an authorized insurer if the  
5 authorized insurer has offered to renew the policy on substantially the same  
6 terms and conditions; and generally relating to the procurement of surplus lines  
7 insurance.

8 BY repealing and reenacting, with amendments,  
9 Article - Insurance  
10 Section 3-306(a)  
11 Annotated Code of Maryland  
12 (1997 Volume and 1998 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article - Insurance**

16 3-306.

17 (a) Surplus lines insurance may be procured from an unauthorized insurer if:

18 (1) for surplus lines insurance procured through a broker, the surplus  
19 lines insurance is procured through a qualified surplus lines broker;

1 (2) subject to the provisions of § 3-306.1 of this subtitle, a diligent search  
2 is made among the authorized insurers that are writing the particular kind and class  
3 of insurance in the State;

4 (3) except for insurance against liability of persons described in §  
5 24-206(1) of this article, the amount of surplus lines insurance procured from an  
6 unauthorized insurer is only the excess over the amount that can be procured from  
7 authorized insurers;

8 (4) for insurance against liability of persons described in § 24-206(1) of  
9 this article, the insurance cannot be obtained from three or more authorized insurers  
10 that are writing on a broad basis that particular kind and class of insurance;

11 (5) except as provided in subsection (b) of this section, the surplus lines  
12 insurance is not procured [solely to get]:

13 (i) SOLELY TO OBTAIN a lower premium rate than would be  
14 accepted by an authorized insurer; [or]

15 (ii) SOLELY TO OBTAIN more favorable terms of the insurance  
16 contract; [and] OR

17 (III) TO REPLACE COVERAGE ON RESIDENTIAL PROPERTY,  
18 INCLUDING COVERAGE FOR CONDOMINIUM ASSOCIATIONS, WHICH IS INSURED BY  
19 AN AUTHORIZED INSURER AND FOR WHICH A RENEWAL OFFER HAS BEEN MADE ON  
20 SUBSTANTIALLY THE SAME TERMS AND CONDITIONS AS THE CURRENT COVERAGE;  
21 AND

22 (6) there is compliance with other applicable provisions of this subtitle.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
24 July 1, 1999.