

Article - Insurance

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§20–502.

(a) On payment of the premium set by the Fund, the Fund is authorized to and shall sell, issue, and deliver a policy that provides the security required under § 17-103 of the Transportation Article to a person:

(1) that owns a covered vehicle registered with the Motor Vehicle Administration, has a license issued by the Motor Vehicle Administration to drive a covered vehicle, or is a lessee under a “lease not intended as security”, as defined in § 11-127.1(b) of the Transportation Article;

(2) that does not owe to the Fund:

(i) an unpaid premium with respect to a policy that has expired or been canceled; or

(ii) a claim payment obtained by fraud;

(3) that:

(i) has attempted in good faith to obtain a policy that provides the security required under § 17-103 of the Transportation Article from at least two Association members and has been rejected or refused the policy by two Association members for any reason other than nonpayment of premiums; or

(ii) has had a policy that provides the security required under § 17-103 of the Transportation Article canceled or nonrenewed by an Association member for any reason other than nonpayment of premiums; and

(4) that meets the requirements of subsection (b) of this section.

(b) To be eligible for a policy issued under this subtitle, a person must:

(1) be domiciled in the State;

(2) own, lease, or rent a primary place of residence in the State and, regardless of the person’s domicile, reside in the State for more than 1 year;

(3) maintain a main or branch office or warehouse facility in the State, and base and operate motor vehicles intrastate in the State;

(4) have filed as a State resident for income tax purposes; or

(5) have a nonresident permit issued under § 13-402.1(e) of the Transportation Article.

(c) (1) Except as provided in paragraph (2) of this subsection, this section does not apply to a person to the extent that the person:

(i) leases a covered vehicle that is a private passenger vehicle to an individual who does not meet the requirements of subsection (b) of this section; or

(ii) garages the covered vehicle principally outside of the State.

(2) This section applies to a person described in paragraph (1) of this subsection who is:

(i) a member, on active duty, of the armed forces of the United States or the United States Public Health Service; or

(ii) a student enrolled in an accredited school, college, or university or serving a medical internship.

(d) The eligibility of an applicant for insurance from the Fund shall be certified at a time and in a manner approved by the Fund.

(e) (1) If a prospective insured fails to qualify under this section, any policy issued is void and a commission may not be paid by the Fund to a fund producer.

(2) (i) Subject to the provisions of subparagraph (ii) of this paragraph, if a person fails to meet the requirements of subsection (b) of this section, the Fund may charge and collect the greater of:

1. a policy processing fee to cover its expenses; or

2. the amount that the person would have received after the Fund returns to a fund producer, or any other person other than the person who fails to meet the requirements of subsection (b) of this section, any gross unearned premiums that are due under the policy.

(ii) Prior to charging and collecting a policy processing fee or the amount allowed under subparagraph (i) of this paragraph, the Fund shall refer to the Insurance Fraud Division in the Administration for investigation and possible prosecution of the person who fails to meet the requirements of subsection (b) of this section.

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