

Article - Insurance

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§20–509.

(a) (1) Subject to this section and the regulations that relate to the binding of coverage, a fund producer may bind the minimum required coverage for an applicant in the Fund if the applicant submits an application to the fund producer and pays the appropriate premium.

(2) To effect coverage, the fund producer must receive payment of the appropriate premium required under the regulations that relate to the binding of coverage.

(3) Payment of the appropriate premium does not occur so as to effect coverage if payment of all or part of the premium is made by an instrument that is later dishonored.

(b) (1) The Board of Trustees shall adopt and make available to each fund producer reasonable regulations that relate to the authority of fund producers to bind coverage.

(2) The regulations shall include:

- (i) the amount of premium to be collected;
- (ii) the evidence necessary to establish the qualification of an applicant to be insured by the Fund;
- (iii) procedures for notifying the Fund of the binding of coverage; and
- (iv) the time within which the fund producer is to give notice.

(c) The Fund:

(1) may refuse to grant the authority of a fund producer to an insurance producer that has been previously terminated as a fund producer or that has had its license previously revoked or surrendered; and

(2) subject to the hearing provisions of § 20-514 of this subtitle, may discipline a fund producer that:

- (i) employs or otherwise retains a person described in item (1) of this subsection; and
- (ii) allows the person to become involved in the fund producer's operations or management contrary to a requirement of this article or order of the Administration.

(d) Subject to subsection (e) of this section, the Fund is liable for coverage from the date that the fund producer binds coverage.

(e) (1) On review of an application, the Fund may cancel coverage and refuse to issue a policy if the Fund finds that:

(i) the applicant is not qualified for insurance issued by the Fund;

(ii) the applicant has not paid the appropriate premium; or

(iii) the Fund is authorized to reject the application under § 20-516 of this subtitle.

(2) Cancellation of coverage may occur not later than 60 days after coverage is effective.

(f) Whenever coverage is canceled:

(1) the Fund promptly shall notify the applicant, fund producer, and Motor Vehicle Administration of the cancellation;

(2) the applicant has the right of appeal under § 20-517 of this subtitle;
and

(3) if the cancellation occurred because an applicant did not pay the appropriate premium, the Fund shall give the applicant a reasonable opportunity to pay the appropriate premium.

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