

## Article - Insurance

[Previous][Next]

§3-205.

(a) (1) When filing the declaration required by § 3-204 of this subtitle, the attorney in fact of a domestic reciprocal insurer shall file with the Commissioner a bond that:

(i) is in favor of the State for the benefit of all persons damaged as a result of a breach of the conditions of the bond by the attorney in fact;

(ii) is in the penal sum of \$100,000;

(iii) is aggregate in form;

(iv) is executed by the attorney in fact and an authorized corporate surety insurer; and

(v) is conditioned that the attorney in fact:

1. will account faithfully for all money and other property of the reciprocal insurer that comes into the possession of the attorney in fact; and

2. will not withdraw or appropriate for the use of the attorney in fact from the funds of the reciprocal insurer, any money or property to which the attorney in fact is not entitled under the power of attorney.

(2) The bond is subject to the approval of the Commissioner.

(b) (1) An action on the bond of the attorney in fact may be brought at any time by:

(i) one or more subscribers who suffer loss through a violation of the conditions of the bond; or

(ii) a receiver or liquidator of the reciprocal insurer.

(2) Any amount recovered in the action shall be deposited in the funds of the reciprocal insurer.

(3) The total liability of the surety insurer under the bond may not exceed the penal sum of the bond.

(c) The bond shall provide that the surety insurer may not cancel the bond unless the surety insurer gives written notice of cancellation to the attorney in fact and the Commissioner at least 30 days before canceling the bond.

[Previous][Next]