

SECTION 1. *Be it enacted by the General Assembly of Maryland,* That a new section be and the same is hereby added to Article 48A of the Annotated Code of Maryland (1939 Edition), title "Insurance", sub-title "Mutual Insurance Companies", said new section to follow immediately after Section 148 and to be known as Section 148A and to read as follows:

148A. (Blue Sky Provisions.) No person representing any mutual insurance company, wherever incorporated, in process of organization and not licensed to transact business in this State, shall be permitted to solicit applications or premiums for prospective policies of such company in this State unless and until such company has furnished the Insurance Commissioner with full particulars as to the methods and proposed cost of promotion. Before any such person shall solicit applications or premiums for prospective policies in such company, he shall be required to secure a license from the Insurance Commissioner, who, prior to the issuance of such license, shall investigate the record of the applicant and if the applicant is honest and trustworthy, the Commissioner shall issue a license to him. The fee for each such license shall be ten dollars (\$10.00). The incorporators of the company shall be required to give the Insurance Commissioner a surety bond for Ten Thousand Dollars (\$10,000.00), or for not less than twenty-five percent (25%) of the minimum assets required by the insurance laws of Maryland for the class of company proposed to be organized, whichever is greater, with the incorporators as principal and a duly licensed surety company as surety. The bond shall be for the use and benefit of the State of Maryland and all subscribers and creditors and shall be conditioned upon the payment of costs incurred by the State by reason of any legal proceeding against such company and for the full and complete accounting for all funds and property coming into the possession of the company prior to the issuance to it of a certificate of authority to do an insurance business. In lieu of filing such bond, the incorporators may deposit with the Insurance Commissioner cash or securities eligible for investment by insurance companies under the laws of Maryland, having a market value at least equal to the amount of such bond. The cash or securities so deposited shall be held in trust by the Commissioner until a certificate or license is issued to the company, to indemnify the State of Maryland and all subscribers and creditors to the company for the matters and things set forth in this section as conditions of the bond required hereunder. Any violation of the provisions of this section shall be deemed a misdemeanor and shall be punishable by a fine not exceeding one hundred dollars (\$100.00) for the first offense, and by a fine of not less than one hundred dollars