

~~(2) (I) -- ALL -- COMMISSIONS -- PAID -- BY -- THE -- FUND -- SHALL -- BE -- EARNED -- BY -- THE -- PRODUCER -- ON -- A -- PRO -- RATA -- BASIS --~~

~~(II) THE FUND MAY NOT PAY ANY COMMISSION ON A FULLY EARNED BASIS.~~

(3) A COMMISSION MAY NOT BE PAID BY THE FUND TO A PRODUCER WHERE:

[(1)] (I) A prospective insured fails to qualify under subsection (a) of this section, in which event any policy issued shall be void ab initio[,]; or

[(2)] (II) A prospective insured's initial payment to the Fund, or TO a broker, agent, or premium finance company, is not honored, in which event any policy or endorsement issued in reliance on [such] THAT payment shall be void ab initio.

(4) IN THE EVENT A POLICY ISSUED BY THE FUND IS CANCELED, THE FUND SHALL REFUND ON-A-PRO-RATA-BASIS ANY UNEARNED COMMISSIONS TO-THE-POLICYHOLDER.

(d) (1) Any producer qualified in Maryland may, subject to the provisions of this section and the binding rules of the Fund, bind the minimum required coverage for an applicant in the Fund upon application to the producer and payment of the appropriate premium.

(2) The board shall adopt and make available to each producer reasonable rules and regulations relating to the binding authority of producers, including but not limited to the amount of premium to be collected, the evidence necessary to establish the applicant's qualification to be insured by the Fund, the time within which the producer shall notify the Fund of binding, and procedures for notifying the Fund of the binding of coverage.

(3) The Fund shall become liable under the coverage bound from the date of binding by the producer; provided, however, that the Fund, upon review of the application, may not later than sixty days after the coverage is effective, cancel the coverage and refuse to issue a policy upon a finding that (i) the applicant is not qualified for insurance by the Fund, (ii) the appropriate premium has not been paid, or (iii) the Fund is authorized to reject the application under § 243D; provided, however, that if the cancellation is due to nonpayment of the appropriate premium, the Fund shall afford the applicant a reasonable opportunity to pay the proper premium. The Fund shall promptly notify the applicant, the producer and the Motor Vehicle Administration of a cancellation, and the applicant shall thereafter have the right of appeal provided for in § 243D.

(e) If the board finds that any producer has engaged in the practice of binding coverage through the Fund in violation of