

Defined terms: "Certificate of authority" § 1-101

"Commissioner" § 1-101

"Domestic insurer" § 1-101

"Insurance" § 1-101

"Insurance business" § 1-101

"Person" § 1-101

"Policy" § 1-101

"Premium" § 1-101

"Reciprocal insurer" § 1-101

"Subscriber" § 3-201

3-205. BOND OF ATTORNEY IN FACT.

(A) REQUIRED.

(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) ACTION ON BOND.

(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.