

AN ACT concerning

Premium Finance Companies - Bonding

FOR the purpose of requiring bonding of every premium finance company as a prerequisite of doing business in the State.

BY repealing and reenacting, with amendments,

Article 48A - Insurance Code
Section 486B (a)
Annotated Code of Maryland
(1972 Replacement Volume and 1976 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section 486B(a) of Article 48A - Insurance Code, of the Annotated Code of Maryland (1972 Replacement Volume and 1976 Supplement) be and it is hereby repealed and reenacted, with amendments, to read as follows:

Article 48A - Insurance Code

486B.

(a) (1) Every premium finance company shall register as such with the Commissioner prior to engaging in business in this State as a premium finance company, AND ALSO SHALL FILE A BOND IN THE PENALTY AMOUNT OF ~~\$5,000~~ \$25,000 WITH THE COMMISSIONER, AS PROVIDED IN §486B(A)(2). Registration forms shall be of such design and content as is prescribed by the Commissioner and may require the filing of the form of premium finance agreement to be used and the service charges to be applied and disclosure of the identity, trade names, and the names of officers, managers, owners, and directors. The Commissioner shall also require and designate forms for reporting changes in officers, directors, owners, trade names, and business addresses. The registration shall continue in effect and shall automatically be renewed upon receipt by the Commissioner of the annual registration fee of [ten dollars (\$10.00)] \$10 or before the first day of July of each year, SO LONG AS ANY OTHER PREREQUISITES TO ENGAGING IN BUSINESS AS A PREMIUM FINANCE COMPANY ARE MET BY THE REGISTRANT.

(2) EVERY PREMIUM FINANCE COMPANY, AS AN ESSENTIAL PREREQUISITE TO ENGAGING IN BUSINESS IN THIS STATE AS A PREMIUM FINANCE COMPANY, SHALL FILE WITH THE COMMISSIONER A BOND TO THE STATE OF MARYLAND IN THE PENALTY AMOUNT OF ~~\$5,000~~ \$25,000. THE BOND MUST BE EXECUTED BY AN AUTHORIZED SURETY INSURER AND CONDITIONED THAT THE PREMIUM FINANCE COMPANY WILL TRULY ACCOUNT FOR AND PAY OVER TO THE PERSON OR ENTITY ENTITLED TO RECEIVE THE SAME ALL MONEY BELONGING TO THE PERSON OR ENTITY WHICH MAY COME INTO ITS POSSESSION AS A PREMIUM FINANCE COMPANY, INCLUDING BUT NOT LIMITED TO UNEARNED PREMIUMS