

adopted by the board, and that he knew or should have known that such binding was in violation of such rules and regulations, the board may refuse to accept further applications from such agent or broker, and may terminate the right of such agent to bind coverage.

(F) IF, AFTER DEMAND HAS BEEN MADE BY THE FUND, THE AGENT OR BROKER FAILS TO PAY ANY MONEY THAT IS DUE THE FUND AS A RESULT OF THE BINDING OR CHANGE OF COVERAGE, OR AS A RESULT OF ANY COMMISSION PAID TO THE AGENT OR BROKER ON ANY POLICY THAT IS CANCELLED AFTER THE EFFECTIVE DATE OF COVERAGE, THE BOARD MAY REFUSE TO ACCEPT FURTHER APPLICATIONS FROM THE AGENT OR BROKER, TERMINATE THE AUTHORITY OF THE AGENT OR BROKER TO BIND COVERAGE WITH THE FUND, OR BOTH.

(G) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE BOARD SHALL GIVE PRIOR WRITTEN NOTICE TO AN AGENT OR BROKER OF ITS INTENDED ACTION UNDER SUBSECTION (E) OR (F) OF THIS SECTION, AND PROVIDE THE AGENT OR BROKER AN OPPORTUNITY FOR A HEARING PRIOR TO TAKING THE ACTION.

(2) IF THE BOARD DETERMINES THAT THERE IS A LIKELIHOOD OF SUBSTANTIAL AND IMMEDIATE HARM TO THE FUND, POLICYHOLDERS OF THE FUND, OR OTHERS BECAUSE OF A VIOLATION OF A BINDING RULE OF THE FUND OR BECAUSE OF A FAILURE TO PAY ANY MONEY DUE, THE BOARD MAY EXERCISE IMMEDIATELY ANY OPTION AVAILABLE TO IT UNDER SUBSECTIONS (E) AND (F) OF THIS SECTION PENDING PROMPT NOTICE AND A HEARING WITHIN 10 DAYS.

(3) THE BOARD SHALL ADOPT ~~RULES-AND-REGULATIONS~~ GOVERNING THE PROCEDURES FOR NOTICE AND ANY HEARING THAT IS PROVIDED UNDER THIS SUBSECTION.

[(f)] (H) Any private insurer desiring to assume insurance coverage of any policyholder insured by the Fund may do so, provided notice of the proposal is given to the Fund at least 60 days prior to the termination of the policy, with the approval of the insured, upon receipt of such notice, the Fund shall notify the insured that he will no longer be eligible for insurance from the Fund.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1981.

Approved May 12, 1981.

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CHAPTER 274

(Senate Bill 305)

AN ACT concerning