

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 685(a).

In item (1) of this section, the phrase "file with" is substituted for the former phrase "submit to" to conform to language used in other comparable application sections of this article.

Defined term: "Commissioner" § 1-101

8-306. BONDS.

(A) IN GENERAL.

THE BOND REQUIRED FOR AN ADMINISTRATOR UNDER THIS SUBTITLE MUST:

(1) PROVIDE PROTECTION TO THE PLANS, FOR WHICH THE ADMINISTRATOR ACTS AS AN ADMINISTRATOR, AGAINST LOSS BECAUSE OF ACTS OF FRAUD OR DISHONESTY ON THE PART OF THE ADMINISTRATOR, DIRECTLY OR THROUGH CONNIVANCE WITH OTHERS; AND

(2) BE ISSUED BY AN AUTHORIZED CORPORATE SURETY INSURER THAT IS AN ACCEPTABLE SURETY ON FEDERAL BONDS UNDER AUTHORITY GRANTED BY THE SECRETARY OF THE TREASURY.

(B) AMOUNT.

(1) SUBJECT TO THIS SECTION, THE AMOUNT OF THE BOND SHALL BE DETERMINED AT THE TIME AN APPLICATION FOR REGISTRATION OR RENEWAL OF REGISTRATION IS FILED.

(2) TO DETERMINE THE AMOUNT OF THE BOND:

(I) THE AVERAGE AMOUNT OF MONEY THAT THE ADMINISTRATOR AND ANY PREDECESSOR OF THE ADMINISTRATOR HANDLED AT ANY ONE TIME DURING THE IMMEDIATELY PRECEDING CALENDAR YEAR SHALL BE CONSIDERED; AND

(II) THE AVERAGE AMOUNT OF MONEY THAT THE ADMINISTRATOR EXPECTS TO HANDLE AT ANY ONE TIME DURING THE CURRENT CALENDAR YEAR SHALL BE CONSIDERED.

(3) THE AMOUNT OF THE BOND:

(I) MAY NOT BE LESS THAN 10% OF THE AVERAGE AMOUNT OF MONEY THAT THE ADMINISTRATOR EXPECTS TO HANDLE AT ANY ONE TIME FOR ALL THE PLANS THAT THE ADMINISTRATOR EXPECTS TO ADMINISTER DURING THE COMING YEAR; AND

(II) SUBJECT TO PARAGRAPH (4) OF THIS SUBSECTION, MAY NOT BE LESS THAN \$5,000 OR MORE THAN \$500,000.