

AN UNAUTHORIZED INSURER DESCRIBED IN SUBSECTION (A) OF THIS SECTION IS LIABLE TO THE INSURED FOR LOSSES COVERED BY THE SURPLUS LINES INSURANCE AND, ON CANCELLATION, FOR UNEARNED PREMIUMS THAT MAY BECOME PAYABLE TO THE INSURED, WHETHER OR NOT THE SURPLUS LINES BROKER IS INDEBTED TO THE UNAUTHORIZED INSURER FOR THE SURPLUS LINES INSURANCE OR FOR ANY OTHER REASON.

(C) RIGHTS OF INSURER AND BROKER NOT AFFECTED.

THIS SECTION DOES NOT AFFECT RIGHTS BETWEEN THE UNAUTHORIZED INSURER AND THE SURPLUS LINES BROKER.

(D) INSURER SUBJECT TO SECTION.

EACH UNAUTHORIZED INSURER THAT ASSUMES A SURPLUS LINES DIRECT RISK UNDER THIS SUBTITLE SUBJECTS ITSELF TO THE TERMS OF THIS SECTION:

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 192.

Throughout this section, references to an "unauthorized insurer" are substituted for the former references to an "insurer" for consistency throughout this section.

- Defined terms: "Premium" § 1-101
- "Surplus lines insurance" § 1-101
- "Unauthorized insurer" § 1-101

3-321. DELIVERY OF POLICY, BINDER, OR COVER NOTE.

(A) IN GENERAL.

(1) ON PLACING SURPLUS LINES COVERAGE, A SURPLUS LINES BROKER PROMPTLY SHALL DELIVER TO THE INSURED:

- (I) THE POLICY ISSUED BY THE INSURER; OR
- (II) IF THE POLICY IS NOT AVAILABLE, A BINDER OR COVER NOTE

THAT SHOWS:

- 1. THE SUBJECT, COVERAGE, CONDITIONS, AND TERM OF THE INSURANCE; AND
- 2. THE NAME AND ADDRESS OF THE INSURER.

(2) IF A DIRECT RISK IS ASSUMED BY MORE THAN ONE INSURER, THE POLICY, BINDER, OR COVER NOTE SHALL STATE:

- (I) THE NAME AND ADDRESS OF EACH INSURER; AND
- (II) THE PROPORTION OF THE DIRECT RISK ASSUMED BY EACH

INSURER.

(B) REPLACEMENT OF BINDER OR COVER NOTE WITH POLICY.