

Also in subsection (a)(1) of this section, the phrase "outside of the State" is substituted for the former word "elsewhere" for clarity.

In subsection (b) of this section, the reference to the "amount of" risk is added for clarity.

Also in subsection (b) of this section, the references to risk retained "by an insurer" and to reinsurance ceded "by the insurer" are added for clarity.

Defined terms: "Commissioner" § 1-101

"Insurance" § 1-101

"Insurer" § 1-101

"Reinsurance" § 1-101

"Subject of insurance" § 5-1001

"Surplus to policyholders" § 5-1001

5-1004. SAME — SURETY INSURERS.

(A) EXECUTION OF BONDS.

A SURETY INSURER MAY EXECUTE TRANSPORTATION OR WAREHOUSING BONDS FOR FEDERAL INTERNAL REVENUE TAXES IN A NET AMOUNT NOT EXCEEDING 20% OF THE SURETY INSURER'S SURPLUS TO POLICYHOLDERS, DETERMINED UNDER § 5-1003(A)(2) OF THIS SUBTITLE.

(B) APPLICATION OF 10% LIMITATION TO SURETY RISKS.

THE NET AMOUNT OF EXPOSURE ON ANY ONE SURETY RISK SHALL BE DEEMED WITHIN THE 10% LIMIT ESTABLISHED BY § 5-1003(A)(1) OF THIS SUBTITLE IF THE SURETY INSURER IS PROTECTED IN EXCESS OF THAT AMOUNT:

(1) BY AUTHORIZED REINSURANCE;

(2) BY THE COSURETYSHIP OF ANOTHER SURETY INSURER AUTHORIZED TO ENGAGE IN THE SURETY INSURANCE BUSINESS IN THE STATE;

(3) BY A DEPOSIT OF PROPERTY WITH THE SURETY INSURER IN PLEDGE OR A CONVEYANCE OF PROPERTY TO THE SURETY INSURER IN TRUST FOR THE PROTECTION OF THE SURETY INSURER;

(4) BY A CONVEYANCE OR MORTGAGE OF PROPERTY FOR THE PROTECTION OF THE SURETY INSURER; OR

(5) IF A SURETYSHIP OR GUARANTY OBLIGATION WAS MADE ON BEHALF OF OR ON ACCOUNT OF A FIDUCIARY HOLDING PROPERTY IN A TRUST CAPACITY, BY A DEPOSIT OR OTHER DISPOSITION OF A PART OF THE PROPERTY HELD IN TRUST THAT PROHIBITS THE SALE, MORTGAGE, OR OTHER DISPOSITION OF THE PROPERTY WITHOUT THE CONSENT OF THE SURETY INSURER OR A COURT ORDER OR DECREE.

(C) DETERMINATION OF NET EXPOSURE ON SURETY RISKS.

IN DETERMINING THE NET AMOUNT OF EXPOSURE ON ANY ONE SURETY RISK: