

(1) ON APPLICATION TO THE FUND FOR APPOINTMENT AS A PRODUCER, AN APPLICANT SHALL FILE WITH THE FUND A BOND FOR THE BENEFIT OF THE FUND FOR THE BALANCE OF THE CURRENT YEAR.

(2) ON OR BEFORE DECEMBER 31 OF EACH YEAR, EACH PRODUCER SHALL FILE WITH THE FUND A BOND FOR THE BENEFIT OF THE FUND FOR THE NEXT SUCCEEDING YEAR.

(C) CONDITIONS.

A BOND REQUIRED UNDER THIS SECTION SHALL BE:

(1) IN THE AMOUNT OF \$10,000;

(2) EXECUTED BY AN AUTHORIZED SURETY INSURER; AND

(3) CONDITIONED THAT THE PRODUCER WILL ACCOUNT FOR AND PAY OVER TO THE PERSON ENTITLED TO IT ALL MONEY BELONGING TO THE PERSON THAT COMES INTO THE PRODUCER'S POSSESSION IN ACCORDANCE WITH THIS SUBTITLE AND THE REGULATIONS THAT RELATE TO THE BINDING OF COVERAGE.

(D) CERTIFICATION BY ASSOCIATION MEMBER.

(1) A PRODUCER IS CONSIDERED TO HAVE COMPLIED WITH THIS SECTION IF AN ASSOCIATION MEMBER CERTIFIES TO THE FUND THAT:

(I) THE ASSOCIATION MEMBER HAS A BOND IN EFFECT THAT COVERS THE PRODUCER AND COMPLIES WITH THE REQUIREMENTS OF THIS SECTION; AND

(II) THE BOND COVERAGE EXTENDS TO THE FUND WHEN PERSONS APPLY TO THE FUND FOR COVERAGE THROUGH THE PRODUCER.

(2) THE CERTIFICATION SHALL BE MADE BY AN AUTHORIZED REPRESENTATIVE OF THE ASSOCIATION MEMBER.

(3) A COPY OF THE CERTIFICATION SHALL BE MAILED PROMPTLY TO THE FUND.

(E) EFFECT OF FAILURE TO HAVE SURETY BOND.

A PRODUCER'S AUTHORITY TO BIND COVERAGE IN THE FUND MAY BE TERMINATED ON 10 DAYS' WRITTEN NOTICE IF THE BOND IS NOT:

(1) FILED WITH THE FUND IN A TIMELY MANNER; OR

(2) CONTINUOUSLY MAINTAINED IN EFFECT WHILE THE PRODUCER HAS AUTHORITY TO BIND COVERAGE IN THE FUND.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 243B(j).

In subsection (c)(3) of this section, the reference to the "regulations that relate to the binding of coverage" is substituted for the former reference to