

service, in addition to other types of security, to deposit a certain letter of credit in a certain amount as the security required for the license; providing for the conditions of, liability under, and cancellation of the letters of credit; authorizing the Insurance Commissioner to adopt certain regulations relating to letters of credit; authorizing a motor club licensed by the Commissioner to substitute one type of required security under certain circumstances for another type of required security; and generally relating to letters of credit and required security for motor clubs.

BY repealing and reenacting, with amendments,

Article - Insurance

Section 26-204

Annotated Code of Maryland

(1997 Volume and 2001 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Insurance

26-204.

(a) An applicant for a license shall deposit with the Treasurer, who shall maintain in trust:

(1) registered United States government bonds with a market value at all times not less than \$100,000 or, in the discretion of the Commissioner, a lower amount not less than \$15,000; [or]

(2) a corporate surety bond in the form that the Commissioner requires in a penal sum not less than \$100,000 or, in the discretion of the Commissioner, a lower amount not less than \$15,000; OR

(3) A LETTER OF CREDIT IN THE FORM THAT THE COMMISSIONER REQUIRES IN AN AMOUNT NOT LESS THAN \$100,000 OR, IN THE DISCRETION OF THE COMMISSIONER, A LOWER AMOUNT NOT LESS THAN \$15,000.

(b) (1) The bond OR LETTER OF CREDIT described under subsection (a)(2) OR (3) of this section shall be:

(i) in favor of the State for the members of the applicant that reside in the State;

(ii) issued by a surety insurer OR BANK authorized to do business in the State; and

(iii) conditioned on the faithful performance by the applicant of its obligations under this title, including payment of any fines, fees, or penalties imposed on it or restitution ordered under this title.

(2) The total liability of the surety insurer under the bond may not exceed the penal sum of the bond.