

Senate Bill No. 598

AN ACT concerning

Motor Clubs - Required Security - Letters of Credit

FOR the purpose of authorizing an applicant for a license to provide motor club 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