

## OTHER SOURCES CONCERNING THE AVAILABILITY AND AFFORDABILITY OF INSURANCE FROM AUTHORIZED INSURERS IN THE STATE.

3-306.

(a) Surplus lines insurance may be procured from an unauthorized insurer if:

(1) for surplus lines insurance procured through a broker, the surplus lines insurance is procured through a qualified surplus lines broker;

(2) SUBJECT TO THE PROVISIONS OF § 3-306.1 OF THIS SUBTITLE, a diligent search is made among the authorized insurers that are writing the particular kind and class of insurance in the State;

(3) except for insurance against liability of persons described in § 24-206(1) of this article, the amount of surplus lines insurance procured from an unauthorized insurer is only the excess over the amount that can be procured from authorized insurers;

(4) for insurance against liability of persons described in § 24-206(1) of this article, the insurance cannot be obtained from three or more authorized insurers that are writing on a broad basis that particular kind and class of insurance;

(5) except as provided in subsection (b) of this section, the surplus lines insurance is not procured solely to get:

(i) a lower premium rate than would be accepted by an authorized insurer; or

(ii) more favorable terms of the insurance contract; and

(6) there is compliance with other applicable provisions of this subtitle.

(b) This subtitle does not prohibit a lower premium rate or more favorable terms in the insurance contract of an unauthorized insurer if:

(1) the risk is eligible as surplus lines under subsection (a)(2), (3), and (4) of this section; OR

(2) THE APPLICANT QUALIFIES AS A COMMERCIAL INSURED WHO MAY WAIVE, AS AUTHORIZED BY THE COMMISSIONER, THE DILIGENT SEARCH THAT IS OTHERWISE REQUIRED UNDER THIS SECTION.

(c) (1) This section does not prohibit a surplus lines broker from renewing a risk with a surplus lines insurer if the risk was initially written on a surplus lines basis when there were fewer than three authorized insurers actually writing on a broad basis the particular kind and class of insurance to provide coverage against liability of persons described in § 24-206(1) of this article in the State.

(2) Even if on the date of renewal three or more authorized insurers are writing on a broad basis the particular kind and class of insurance required by the insured, a risk initially eligible for surplus lines insurance may be renewed on a