

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL NO. 762  
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 9, after “circumstances;” insert “prohibiting a premium finance company from charging an insured or a prospective insured any fee for the expense that the premium finance company incurs in obtaining a certain report under certain circumstances; making stylistic changes; providing for the future codification of certain provisions of this Act;”; in line 14, after “230(I)” insert “and 486E(a)”; and after line 16, insert:

“BY adding to

Article - Insurance

Section 23-309

Annotated Code of Maryland

(1995 Volume)

(As enacted by Chapter \_\_\_\_ (H.B. 11) of the Acts of the General Assembly of 1996)”.

AMENDMENT NO. 2

On page 2, after line 14, insert:

“486E.

(a) (1) The finance charge shall be computed on the entire premium loan advanced, after subtracting any down payment on the premium loan made by the insured, from the inception date of the insurance contract, or from the due date of the premium, disregarding any period of grace or credit allowed for payment thereof, to and including the date when the final installment under the premium finance agreement is payable, at a rate not exceeding 1.15 percent for each thirty days, charged in advance.

(Over)

(2) Insurance premium finance companies may charge an initial service fee for actual expenses not to exceed \$20 which may not be refunded upon cancellation or repayment[,].

(3) [and no] NO part of any fee, initial or otherwise, shall be paid to any insurance agent, broker, or any employee of an insurance agent or broker, or to any person as an inducement to the financing of any insurance policy with the premium finance company.

(4) NOTWITHSTANDING THE PROVISIONS OF § 230(I) OF THIS ARTICLE, A PREMIUM FINANCE COMPANY MAY NOT CHARGE AN INSURED OR A PROSPECTIVE INSURED ANY FEE FOR THE EXPENSE THAT THE PREMIUM FINANCE COMPANY INCURS IN OBTAINING A COMPREHENSIVE LOSS UNDERWRITING EXCHANGE AUTOMOBILE REPORT (CLUE REPORT) REGARDING THE INSURED OR PROSPECTIVE INSURED IF A PRODUCER ALREADY HAS CHARGED THE INSURED OR PROSPECTIVE INSURED FOR OBTAINING THE REPORT.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - Insurance

23-309.

A PREMIUM FINANCE COMPANY MAY NOT CHARGE AN INSURED OR A PROSPECTIVE INSURED ANY FEE FOR THE EXPENSE THAT THE PREMIUM FINANCE COMPANY INCURS IN OBTAINING A COMPREHENSIVE LOSS UNDERWRITING EXCHANGE AUTOMOBILE REPORT (CLUE REPORT) REGARDING THE INSURED OR PROSPECTIVE INSURED IF A PRODUCER ALREADY HAS CHARGED THE INSURED OR PROSPECTIVE INSURED FOR OBTAINING THE REPORT.”;

in line 15, strike “2.” and substitute “3.”; in the same line, after “That” insert “Section 1 of”; and after line 16, insert:

“SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect October 1, 1997.”.