

SENATE BILL 370

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C4

1999 Regular Session  
(9r1424)

*ENROLLED BILL*  
*-- Finance/Economic Matters --*

Introduced by **Senators Kelley, Teitelbaum, Exum, Astle, Hooper, and Della**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
President.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Insurance - Premium Financing - Discrimination - ~~Independent Agents~~**

3 FOR the purpose of prohibiting *discrimination by* ~~discrimination by an independent~~  
4 ~~agent from negotiating or placing a premium finance agreement with a~~  
5 ~~premium finance company in which the independent agent has a direct or~~  
6 ~~indirect ownership interest; altering the applicability of a certain prohibition on~~  
7 ~~insurers that market through independent agents relating to discrimination~~  
8 ~~against independent agents, brokers, and insureds who use premium financing~~  
9 ~~instead of paying premiums in a different manner instead of paying premiums in~~  
10 ~~a different manner under certain circumstances; requiring *certain* independent~~  
11 ~~agents to provide a certain disclosure to insureds with respect to personal lines~~  
12 ~~automobile insurance; providing for the application of certain provisions of this~~  
13 ~~Act; and generally relating to *discrimination against* ~~discrimination against~~~~  
14 ~~independent agents and~~ insurance premium financing.

15 ~~BY adding to~~  
16 ~~Article Insurance~~

1 ~~Section 10-133~~  
 2 ~~Annotated Code of Maryland~~  
 3 ~~(1997 Volume and 1998 Supplement)~~

4 BY repealing and reenacting, with amendments,  
 5 Article - Insurance  
 6 Section 23-505.1 and 23-505.2  
 7 Annotated Code of Maryland  
 8 (1997 Volume and 1998 Supplement)

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

11 **Article - Insurance**

12 ~~10-133.~~

13 ~~AN INDEPENDENT AGENT MAY NOT NEGOTIATE OR PLACE A PREMIUM~~  
 14 ~~FINANCE AGREEMENT WITH A PREMIUM FINANCE COMPANY IN WHICH THE~~  
 15 ~~INDEPENDENT AGENT HAS A DIRECT OR INDIRECT OWNERSHIP INTEREST.~~

16 23-505.1.

17 ~~(A)~~ An insurer that markets through independent agents as defined in this  
 18 article may not[, with respect to commercial automobile, fire, or liability insurance]:

19 (1) refuse to issue or deny the issuance of a policy because premiums  
 20 have been advanced by a registered premium finance company not affiliated with the  
 21 insurer; or

22 (2) require an insured to use a particular premium finance company or  
 23 other installment plan.

24 ~~(B) THIS SECTION DOES NOT APPLY TO LIFE INSURANCE OR HEALTH~~  
 25 ~~INSURANCE COVERAGES, EXCEPT THOSE COVERAGES DESCRIBED IN § 20-504 OF~~  
 26 ~~THIS ARTICLE.~~

27 23-505.2.

28 (A) An insurer that markets through independent agents as defined in this  
 29 article may not[, with respect to commercial automobile, fire, or liability insurance,]  
 30 discriminate, intimidate, or retaliate against an agent, broker, or insured that uses  
 31 premium financing by denying the agent, broker, or insured the same rights accorded  
 32 to agents, brokers, or insureds who pay premiums in a different manner.

33 (B) WITH RESPECT TO PERSONAL LINES AUTOMOBILE INSURANCE, ~~THE~~ AN  
 34 INDEPENDENT AGENT, WHO DIRECTLY OR INDIRECTLY HAS AN OWNERSHIP  
 35 INTEREST IN A PREMIUM FINANCE COMPANY, SHALL PROVIDE A DISCLOSURE TO BE

1 SIGNED BY THE INSURED COMPARING THE COSTS AND TERMS OF PREMIUM  
2 FINANCING WITH THE INSURER'S ALTERNATIVE PAYMENT PLAN.

3 ~~(C) THIS SECTION DOES NOT APPLY TO LIFE INSURANCE OR HEALTH~~  
4 ~~INSURANCE COVERAGES, EXCEPT THOSE COVERAGES DESCRIBED IN § 20-504 OF~~  
5 ~~THIS ARTICLE.~~

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
7 effect October 1, 1999.