

HOUSE BILL 283

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C4

2001 Regular Session
(11r1338)

ENROLLED BILL
-- Economic Matters/Finance --

Introduced by **Delegates Gordon, Love, and Sophocleus**

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.

Speaker.

CHAPTER 652

1 AN ACT concerning

2 **Insurance - Late Fees for Late Payment of Premiums and Installment Fees**

3 FOR the purpose of authorizing authorized insurers to charge and collect, instead of
4 or in addition to a certain installment fee, a certain late fee for late payment of
5 insurance premiums under certain circumstances; establishing the maximum
6 amount of the late ~~fee fees fee~~ and installment ~~fees fee~~; requiring the Insurance
7 Commissioner to ~~make a certain determination in approving a proposed late fee~~
8 review certain expenses associated with late payments or installment payments;
9 prohibiting the imposition of a late fee during certain grace periods or, if no
10 grace period is required by law or regulation, until a certain number of days after
11 the date the payment amount becomes due; requiring an authorized insurer to
12 credit certain payments to certain premiums under certain circumstances;
13 prohibiting the cancellation of an insurance policy for failure to pay a single late
14 fee or single installment fee; and generally relating to late fees for late payment
15 of premiums for insurance and installment fees imposed by an *authorized*
16 insurer.

17 BY repealing and reenacting, with amendments,

1 Article - Insurance
2 Section 27-216(b)
3 Annotated Code of Maryland
4 (1997 Volume and 2000 Supplement)

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

7 **Article - Insurance**

8 27-216.

9 (b) (1) A person may not willfully collect a premium or charge for insurance
10 that:

11 (i) exceeds or is less than the premium or charge applicable to that
12 insurance under the applicable classifications and rates as filed with and approved by
13 the Commissioner; or

14 (ii) if classifications, premiums, or rates are not required by this
15 article to be filed with and approved by the Commissioner, exceeds or is less than the
16 premium or charge specified in the policy and set by the insurer.

17 (2) Paragraph (1) of this subsection does not prohibit:

18 (i) a surplus lines broker that holds a certificate of qualification
19 under Title 3, Subtitle 3 of this article from charging and collecting applicable State
20 and federal taxes in addition to the required premium;

21 (ii) a life insurer from charging and collecting the amount actually
22 expended for a medical examination of an applicant for life insurance or
23 reinstatement of a policy of life insurance;

24 (iii) a broker from charging a fee, not exceeding 15% of the
25 premium, for services rendered in replacing insurance in an insurer if commissions
26 are not payable by the insurer; OR

27 (iv) an agent or broker from charging and collecting, as actual
28 expenses incurred in placing automobile insurance with the Maryland Automobile
29 Insurance Fund:

30 1. a maximum charge of \$10 plus \$1 more than the actual
31 charge by the Motor Vehicle Administration for a driving record required to be
32 presented with the application, unless otherwise provided by the Fund; or

33 2. the amount provided in subsection (e) of this section[; or

34 (v) an authorized insurer from charging and collecting reasonable
35 installment fees as approved by the Commissioner].

1 (3) (I) SUBJECT TO SUBPARAGRAPHS (II), (III), ~~AND (IV)~~ (IV), AND (V) OF
2 THIS PARAGRAPH, PARAGRAPH (1) OF THIS SUBSECTION DOES NOT PROHIBIT AN
3 AUTHORIZED INSURER FROM CHARGING AND COLLECTING, IF APPROVED BY THE
4 COMMISSIONER, REASONABLE INSTALLMENT FEES OR REASONABLE FEES FOR LATE
5 PAYMENT OF PREMIUMS BY POLICYHOLDERS OR BOTH.

6 (II) ~~A LATE FEE IMPOSED UNDER THIS PARAGRAPH MAY NOT~~
7 ~~EXCEED \$10.~~

8 (III) ~~IN APPROVING A PROPOSED LATE FEE, THE COMMISSIONER~~
9 ~~SHALL DETERMINE THAT IT IS SUFFICIENT TO OFFSET ADMINISTRATIVE EXPENSES~~
10 ~~ASSOCIATED WITH LATE PAYMENTS.~~

11 (IV) ~~A POLICY OF INSURANCE MAY NOT BE CANCELED FOR THE~~
12 ~~FAILURE TO PAY A SINGLE LATE FEE.~~

13 (II) THE COMMISSIONER:

14 1. SHALL REVIEW ADMINISTRATIVE EXPENSES SUBMITTED
15 BY AN AUTHORIZED INSURER THAT ARE ASSOCIATED WITH LATE PAYMENTS OR
16 INSTALLMENT PAYMENTS; AND

17 2. MAY APPROVE A LATE FEE OR INSTALLMENT FEE NOT TO
18 EXCEED \$10.

19 (III) A LATE FEE MAY NOT BE IMPOSED:

20 1. DURING ANY GRACE PERIOD REQUIRED BY LAW OR
21 REGULATION ON A POLICY OF INSURANCE; OR

22 2. IF NO GRACE PERIOD IS REQUIRED BY LAW OR
23 REGULATION ON A POLICY OF INSURANCE, UNTIL 2 BUSINESS DAYS AFTER THE
24 DATE THE PAYMENT AMOUNT BECOMES DUE.

25 (IV) AN AUTHORIZED INSURER SHALL CREDIT EACH PAYMENT
26 RECEIVED FROM AN INSURED TO THE PREMIUM OWED BY THE INSURED BEFORE
27 CREDITING THE PAYMENT TO A LATE FEE OR INSTALLMENT FEE OWED BY THE
28 INSURED.

29 (V) A POLICY OF INSURANCE MAY NOT BE CANCELED FOR THE
30 FAILURE TO PAY A SINGLE LATE FEE OR SINGLE INSTALLMENT FEE.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 October 1, 2001.

