

HOUSE BILL 229

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2002 Regular Session
(2lr1119)

ENROLLED BILL
-- Economic Matters/Finance --

Introduced by **Delegates Kirk, Love, McHale, and Harrison**

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 356

1 AN ACT concerning

2 **Premium Finance Agreements - Delinquency and Collection Charge -**
3 **Cancellation Charge**

4 FOR the purpose of altering the maximum amount of a certain delinquency and
5 collection charge with respect to private passenger automobile or personal fire
6 or liability insurance that may be imposed under a premium finance agreement;
7 altering the amount of a certain cancellation charge with respect to private
8 passenger automobile or personal fire or liability insurance that may be imposed
9 under a premium finance agreement; and generally relating to charges under
10 premium finance agreements.

11 BY repealing and reenacting, with amendments,
12 Article - Insurance
13 Section 23-306 and 23-307
14 Annotated Code of Maryland
15 (1997 Volume and 2001 Supplement)

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

3 **Article - Insurance**

4 23-306.

5 (a) A premium finance agreement may require the insured to pay a
6 delinquency and collection charge on each installment that is in default for a period of
7 not less than 5 days.

8 (b) A delinquency and collection charge shall be at least \$1, up to a maximum
9 of 5% of the installment in default, but may not exceed:

10 (1) [~~\$5~~] ~~\$10~~ \$8, with respect to private passenger automobile or personal
11 fire or liability insurance; and

12 (2) \$100, with respect to commercial automobile, fire, or liability
13 insurance.

14 (c) Only one delinquency and collection charge may be collected on an
15 installment, regardless of the period during which the installment remains in default.

16 23-307.

17 (a) A premium finance agreement may require the insured to pay a
18 cancellation charge if a default in paying an installment results in the cancellation of
19 an insurance contract listed in the premium finance agreement.

20 (b) A cancellation charge shall be:

21 (1) with respect to private passenger automobile or personal fire or
22 liability insurance, equal to the difference between a delinquency and collection
23 charge imposed under § 23-306 of this subtitle with respect to the installment in
24 default and [~~\$10~~] ~~\$20~~ \$15; and

25 (2) with respect to commercial automobile, fire, or liability insurance, 5%
26 of the installment, not to exceed an amount equal to the difference between a
27 delinquency and collection charge imposed under § 23-306 of this subtitle with
28 respect to the installment in default and \$100.

29 (c) If a notice of cancellation is withdrawn before its effective date and the
30 insurance coverage is reinstated, the premium finance agreement may require the
31 insured to pay a reinstatement charge in the same amount as the cancellation charge
32 that would have been paid if the cancellation had actually taken effect.

33 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
34 October 1, 2002.

