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By: **Chairman, Economic Matters Committee (By Request - Departmental -  
Automobile Insurance Fund)**

Introduced and read first time: January 23, 2006

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Maryland Automobile Insurance Fund - Fund Producer**  
3 **Commissions**

4 FOR the purpose of repealing certain provisions of law that require the Maryland  
5 Automobile Insurance Fund to pay commissions to fund producers at certain  
6 rates; requiring the Fund to pay a fund producer a commission in an amount  
7 approved by the Fund; and generally relating to commissions paid to fund  
8 producers by the Maryland Automobile Insurance Fund.

9 BY repealing and reenacting, with amendments,  
10 Article - Insurance  
11 Section 20-512  
12 Annotated Code of Maryland  
13 (2002 Replacement Volume and 2005 Supplement)

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

16 **Article - Insurance**

17 20-512.

18 (a) Except as provided in subsection (b) of this section, the Fund shall pay to a  
19 fund producer [of a policyholder to whom a policy is issued] a commission[:

20 (1) for private passenger auto insurance issued by the Fund, at a rate of  
21 10% of the total premium; and

22 (2) for any other insurance issued by the Fund, at a rate determined by  
23 the Fund but not to exceed 10% of the total premium] IN AN AMOUNT APPROVED BY  
24 THE FUND.

25 (b) The Fund may not pay a commission:

26 (1) on a fully earned basis;

1                   (2)     if a prospective insured fails to qualify under § 20-502 of this  
2 subtitle; or

3                   (3)     if a prospective insured's initial payment to the Fund, a fund  
4 producer, or premium finance company is not honored.

5           (c)     If a policy issued by the Fund is canceled, the Fund shall refund any  
6 unearned commissions.

7     SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
8 effect October 1, 2006.