SENATE BILL 100

C4 4lr0043

(PRE–FILED)

By: **Chair, Finance Committee (By Request – Departmental – Insurance Administration, Maryland)**

Requested: November 7, 2013
Introduced and read first time: January 8, 2014
Assigned to: Finance

A BILL ENTITLED

AN ACT concerning

Insurance – Premiums and Charges – Review of Administrative Expenses

FOR the purpose of requiring the Maryland Insurance Commissioner, when reviewing certain administrative expenses submitted by an authorized insurer that are associated with late payments or installment payments, to include in the review the cost incurred by an authorized insurer or a certain vendor to accept installment payments by credit card, debit card, electronic funds transfer, or electronic check payment; and generally relating to the review of administrative expenses by the Maryland Insurance Commissioner.

BY repealing and reenacting, without amendments,
Article – Insurance
Section 27–216(a)
Annotated Code of Maryland
(2011 Replacement Volume and 2013 Supplement)

BY repealing and reenacting, with amendments,
Article – Insurance
Section 27–216(b)
Annotated Code of Maryland
(2011 Replacement Volume and 2013 Supplement)

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

Article – Insurance

27–216.

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
[Brackets**]** indicate matter deleted from existing law.

(a) A person may not willfully collect a premium or charge for insurance if the insurance is not then provided, or is not in due course to be provided subject to acceptance of the risk by the insurer, in a policy issued by an insurer as authorized by this article.

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

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

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

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

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

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

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

(iv) a fund producer from charging and collecting, as actual expenses incurred in placing automobile insurance with the Maryland Automobile Insurance Fund:

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

2. the amount provided in subsection (e) of this section.

(3) (i) Subject to subparagraphs (ii), (iii), (iv), and (v) of this paragraph, paragraph (1) of this subsection does not prohibit an authorized insurer from charging and collecting, if approved by the Commissioner, reasonable installment fees or reasonable fees for late payment of premiums by policyholders or both.

(ii) The Commissioner:

1. shall review administrative expenses submitted by an authorized insurer that are associated with late payments or installment payments**, INCLUDING THE COST INCURRED BY AN AUTHORIZED INSURER OR A VENDOR OF THE AUTHORIZED INSURER TO ACCEPT INSTALLMENT PAYMENTS BY CREDIT CARD, DEBIT CARD, ELECTRONIC FUNDS TRANSFER, OR ELECTRONIC CHECK PAYMENT**; and

2. may approve a late fee or installment fee not to exceed $10.

(iii) A late fee may not be imposed:

1. during any grace period required by law or regulation on a policy of insurance; or

2. if no grace period is required by law or regulation on a policy of insurance, until 2 business days after the date the payment amount becomes due.

(iv) An authorized insurer shall credit each payment received from an insured to the premium owed by the insured before crediting the payment to a late fee or installment fee owed by the insured.

(v) A policy of insurance may not be canceled for the failure to pay a single late fee or single installment fee.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2014.