

Chapter 16

(Senate Bill 142)

AN ACT concerning

Property and Casualty Insurance – Premium Finance Companies – Assignment of Rights and Obligations – Repeal of Termination Date

FOR the purpose of repealing the termination date of certain provisions of law relating to the authority of a premium finance company, with respect to certain motor vehicle insurance, personal insurance, and commercial insurance, to assign certain rights and obligations under a premium finance agreement and to pledge a premium finance agreement as collateral for a loan; and generally relating to premium finance companies under property and casualty insurance.

BY repealing and reenacting, without amendments,
Article – Insurance
Section 23–301.2
Annotated Code of Maryland
(2011 Replacement Volume and 2014 Supplement)

BY repealing and reenacting, with amendments,
Chapter 334 of the Acts of the General Assembly of 2013
Section 6

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

Article – Insurance

23–301.2.

(a) (1) With respect to private passenger motor vehicle insurance and personal insurance, a premium finance company may:

(i) assign all rights and obligations under a premium finance agreement to another premium finance company that is registered in the State under this title; or

(ii) pledge a premium finance agreement as collateral for a loan.

(2) If a premium finance company assigns the obligation to service a premium finance agreement to another premium finance company under paragraph (1)(i) of this subsection, the assigning premium finance company shall notify the insured in accordance with subsection (c) of this section:

(i) that the obligation to service the premium finance agreement has been assigned to another premium finance company that is registered in the State under this title; and

(ii) of the name, address, and telephone number of the premium finance company to which the obligation has been assigned.

(b) (1) With respect to commercial automobile, fire, or liability insurance, a premium finance company:

(i) except as provided in paragraph (2) of this subsection, may assign all rights and obligations under a premium finance agreement to another person if the premium finance agreement expressly confers the right to assign all rights and obligations under the premium finance agreement; or

(ii) may pledge a premium finance agreement as collateral for a loan.

(2) A premium finance company that assigns rights and obligations under paragraph (1)(i) of this subsection shall:

(i) retain the obligation to service the premium finance agreement;
or

(ii) assign the obligation to service the premium finance agreement to another premium finance company that is registered in the State under this title.

(3) If a premium finance company assigns the obligation to service a premium finance agreement to another premium finance company under paragraph (2)(ii) of this subsection, the assigning premium finance company shall notify the insured in accordance with subsection (c) of this section:

(i) that the obligation to service the premium finance agreement has been assigned to another premium finance company that is registered in the State under this title; and

(ii) of the name, address, and telephone number of the premium finance company to which the obligation has been assigned.

(c) A notice required under subsection (a)(2) or (b)(3) of this subsection shall be by:

(1) first-class mail; or

(2) if the premium finance company meets the requirements for delivering a notice under § 27-601.2 of this article, electronic means.

Chapter 334 of the Acts of 2013

SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2013. [Section 2 of this Act shall remain effective for a period of 2 years and, at the end of June 30, 2015, with no further action required by the General Assembly, Section 2 of this Act shall be abrogated and of no further force and effect.]

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2015.

Approved by the Governor, April 14, 2015.