

SENATE BILL 911

C4

6lr2838

By: **Senator Feldman**

Introduced and read first time: February 5, 2016

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Bail Bondsmen – Installment Agreements and Premium Rates**

3 FOR the purpose of establishing a minimum required down payment in connection with
4 certain bail bond installment agreements; requiring the execution of a certain
5 promissory note and an installment agreement for a certain remaining balance due
6 in a certain manner; providing a maximum term of certain bail bond installment
7 agreements; requiring the Maryland Insurance Commissioner to establish certain
8 requirements for a certain promissory note by regulation; requiring a bail bondsman
9 to file a certain action for certain relief within a certain period of time under certain
10 circumstances; qualifying the actions that a bail bondsman shall take with respect
11 to certain collections by requiring the bail bondsman to make certain efforts to obtain
12 judgment under certain circumstances; requiring bail bondsmen to make a
13 certification on or before a certain date each month to the Commissioner regarding
14 certain premiums and compliance in a certain manner; requiring certain surety
15 insurers to conduct certain audits for certain periods for a certain purpose; requiring
16 surety insurers to notify the Commissioner at a certain time of certain matters
17 concerning premiums charged and compliance by certain bail bondsmen; requiring
18 certain information to be included in the notification; and generally relating to bail
19 bondsmen, installment agreements, and premiums.

20 BY repealing and reenacting, with amendments,
21 Article – Insurance
22 Section 10–309
23 Annotated Code of Maryland
24 (2011 Replacement Volume and 2015 Supplement)

25 BY adding to
26 Article – Insurance
27 Section 10–310 and 21–104
28 Annotated Code of Maryland
29 (2011 Replacement Volume and 2015 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Insurance**

4 10–309.

5 (a) This section applies to bail bondsmen licensed under this subtitle and to bail
6 bondsmen that provide bail bondsman services under § 5–203 of the Criminal Procedure
7 Article.

8 (b) A bail bondsman may arrange to accept payment for the premium charged for
9 a bail bond in installments.

10 (c) **(1)** If a bail bondsman arranges to accept payment for the premium
11 charged for a bail bond in installments, the installment agreement shall include:

12 [(1)] **(I)** the total amount of the premium owed;

13 [(2)] **(II)** the amount of any down payment made;

14 [(3)] **(III)** the balance amount owed to the bail bondsman or the bail
15 bondsman’s insurer;

16 [(4)] **(IV)** the amount and due date of each installment payment; and

17 [(5)] **(V)** the total number of installment payments required to pay the
18 amount due.

19 **(2) THE BAIL BONDSMAN SHALL REQUIRE THE PRINCIPAL ON THE**
20 **BAIL BOND OR ANY INDEMNITOR TO:**

21 **(I) MAKE A DOWN PAYMENT OF NOT LESS THAN 35% OF THE**
22 **PREMIUM DUE; AND**

23 **(II) EXECUTE A PROMISSORY NOTE AND THE INSTALLMENT**
24 **AGREEMENT UNDER PARAGRAPH (1) OF THIS SUBSECTION FOR THE REMAINING**
25 **BALANCE OF THE PREMIUM THAT IS DUE.**

26 **(3) THE TERM OF THE INSTALLMENT AGREEMENT MAY NOT EXCEED**
27 **15 MONTHS AFTER THE DATE THE AGREEMENT IS EXECUTED.**

1 **(4) THE COMMISSIONER SHALL ESTABLISH MINIMUM**
2 **REQUIREMENTS FOR A PROMISSORY NOTE UNDER PARAGRAPH (2)(II) OF THIS**
3 **SUBSECTION BY REGULATION.**

4 (d) **(1)** If a bail bondsman arranges to accept payment of the premium charged
5 for a bail bond in installments, the bail bondsman shall:

6 **[(1)] (I)** secure a signed affidavit of surety by the defendant or the insurer
7 containing the information required under subsection (c) of this section and provide the
8 affidavit of surety to the court;

9 **[(2)] (II) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION,** take all
10 necessary steps to collect the total amount owed by the insured, including seeking remedies
11 provided by law for the collection of debts; and

12 **[(3)] (III)** keep and maintain records of all collection attempts, installment
13 agreements, and affidavits of surety.

14 **(2) (I) IF THE REMAINING BALANCE OF THE PREMIUM DUE IS NOT**
15 **PAID IN FULL TO THE BAIL BONDSMAN OR THE BAIL BONDSMAN'S INSURER BY THE**
16 **DUE DATE OF THE FINAL PAYMENT UNDER THE INSTALLMENT AGREEMENT OR IF**
17 **ANY PAYMENT THAT IS DUE UNDER THE INSTALLMENT AGREEMENT IS IN ARREARS**
18 **BY MORE THAN 60 DAYS, THE BAIL BONDSMAN SHALL FILE A CIVIL ACTION SEEKING**
19 **APPROPRIATE RELIEF WITH A COURT OF COMPETENT JURISDICTION WITHIN 75**
20 **DAYS AFTER THE DUE DATE OF THE FINAL PAYMENT UNDER THE INSTALLMENT**
21 **AGREEMENT OR THE PAYMENT IN ARREARS.**

22 **(II) THE BAIL BONDSMAN SHALL MAKE A DILIGENT EFFORT TO**
23 **OBTAIN JUDGMENT AFTER FILING THE CIVIL ACTION ON THE INSTALLMENT**
24 **AGREEMENT UNLESS GOOD CAUSE IS SHOWN FOR FAILURE TO OBTAIN JUDGMENT**
25 **INCLUDING:**

26 **1. THE FILING IN BANKRUPTCY BY THE PRINCIPAL OR**
27 **THE INDEMNITOR; OR**

28 **2. THE FAILURE TO SERVE PROCESS DESPITE GOOD**
29 **FAITH EFFORTS.**

30 (e) (1) The bail bondsman shall keep and maintain the records required under
31 this section in an office that is generally accessible to the public during normal business
32 hours.

33 (2) The bail bondsman shall make the records required under this section
34 available to the Commissioner for inspection.

1 (3) Each year, each bail bondsman shall certify to the Commissioner that
2 the records required to be kept and maintained under this section are accurate and true.

3 (f) If a bail bondsman violates any provision of this section, the Commissioner
4 may take any actions authorized under § 10–126 of this title.

5 **10–310.**

6 (A) **ON OR BEFORE THE 10TH DAY OF EACH MONTH, EACH BAIL BONDSMAN**
7 **SHALL CERTIFY TO THE COMMISSIONER THAT:**

8 (1) **THE PREMIUM FOR EACH BAIL BOND EXECUTED BY THE BAIL**
9 **BONDSMAN IN THE PRECEDING MONTH DID NOT EXCEED NOR WAS LESS THAN THE**
10 **PREMIUM RATE APPROVED BY THE COMMISSIONER AS REQUIRED BY §§ 27–212 AND**
11 **27–216(B)(1) OF THIS ARTICLE; AND**

12 (2) **THE BAIL BONDSMAN HAS COMPLIED WITH § 10–309 OF THIS**
13 **SUBTITLE.**

14 (B) **THE CERTIFICATION SHALL BE:**

15 (1) **UNDER OATH; AND**

16 (2) **ON A FORM THAT THE COMMISSIONER REQUIRES.**

17 (C) **THE FILING OF A FALSE CERTIFICATION BY A BAIL BONDSMAN UNDER**
18 **THIS SECTION IS GROUNDS FOR ADMINISTRATIVE ACTION BY THE COMMISSIONER.**

19 **21–104.**

20 (A) **EACH SURETY INSURER SHALL CONDUCT AN AUDIT EVERY 6 MONTHS,**
21 **FOR THE PERIOD FROM JANUARY 1 THROUGH JUNE 30 AND THE PERIOD FROM JULY**
22 **1 THROUGH DECEMBER 31, RESPECTIVELY, OF EACH SURETY INSURER’S**
23 **APPOINTED BAIL BONDSMEN.**

24 (B) **THE AUDIT SHALL DETERMINE WHETHER THE BAIL BONDSMAN:**

25 (1) **IS CHARGING THE PREMIUM RATE REQUIRED UNDER §**
26 **27–216(B)(1) OF THIS ARTICLE; AND**

27 (2) **HAS COMPLIED WITH § 10–309 OF THIS ARTICLE.**

1 **(C) (1) WITHIN 45 DAYS AFTER THE CLOSE OF EACH AUDIT PERIOD, THE**
2 **SURETY INSURER SHALL NOTIFY THE COMMISSIONER OF THE FAILURE OF ANY OF**
3 **THE SURETY INSURER'S APPOINTED BAIL BONDSMEN TO:**

4 **(I) CHARGE THE PREMIUM RATE REQUIRED UNDER §**
5 **27-216(B)(1) OF THIS ARTICLE; AND**

6 **(II) COMPLY WITH § 10-309 OF THIS ARTICLE.**

7 **(2) THE NOTIFICATION SHALL INCLUDE:**

8 **(I) THE NAME OF THE BAIL BONDSMAN;**

9 **(II) THE CASE DOCKET NUMBER IF ASSIGNED;**

10 **(III) THE TOTAL AMOUNT OF THE BAIL BOND;**

11 **(IV) THE DATE THE BAIL BOND WAS EXECUTED;**

12 **(V) THE FIVE-DIGIT IDENTIFICATION CODE ASSIGNED TO THE**
13 **SURETY INSURER BY THE NATIONAL ASSOCIATION OF INSURANCE**
14 **COMMISSIONERS; AND**

15 **(VI) THE DATE THE PREMIUM WAS DUE.**

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 October 1, 2016.