

SENATE BILL 262

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1998 Regular Session  
8r2035  
CF HB 106

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By: **Senator Dorman**  
Introduced and read first time: February 2, 1998  
Assigned to: Finance

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Committee Report: Favorable with amendments  
Senate action: Adopted  
Read second time: March 4, 1998

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Credit Regulation - Consumer Loans and Secondary Mortgage Loans -**  
3 **Insurance**

4 FOR the purpose of authorizing a lender that makes a loan under the Maryland  
5 Consumer Loan Law - Credit Provisions or under the Maryland Secondary  
6 Mortgage Loans Law - Credit Provisions, to collect from the borrower, at the  
7 option of the borrower, the premiums paid for accident and health insurance  
8 covering any one or more borrowers.

9 BY repealing and reenacting, with amendments,  
10 Article - Commercial Law  
11 Section 12-312(a) and 12-410(b)  
12 Annotated Code of Maryland  
13 (1990 Replacement Volume and 1997 Supplement)

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

16 **Article - Commercial Law**

17 12-312.

18 (a) Subject to the provisions of this section, a lender may collect from the  
19 borrower, at the option of the borrower, the premiums paid for:

20 (1) Insurance covering any real or personal property pledged as security  
21 for the loan;

1 (2) Accident and health insurance covering any [one borrower] ONE OR  
2 MORE BORROWERS, if the insurance does not provide for benefits exceeding the  
3 actual period of disability;

4 (3) Credit life insurance:

5 (i) Covering any one borrower for any loan under \$700 in value or  
6 amount; or

7 (ii) Covering any one or more borrowers for any loan of \$700 or  
8 more in value or amount; and

9 (4) Involuntary unemployment benefit insurance covering any one  
10 borrower, if the insurance:

11 (i) Does not provide for benefits exceeding the actual period of  
12 unemployment; and

13 (ii) Is not contingent upon the purchase of any other type of  
14 insurance permitted under this subtitle.

15 12-410.

16 (b) Subject to the provisions of this section, the licensee may collect from the  
17 borrower, at the borrower's option, the premiums paid for accident and health  
18 insurance covering any [one borrower] ONE OR MORE BORROWERS obligated on the  
19 loan. The insurance may not provide benefits exceeding the actual period of disability.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
21 October 1, 1998.