

HOUSE BILL 371

Unofficial Copy
C4

1999 Regular Session
9r1464
CF 9r1424

By: **Delegates Barve and Love**

Introduced and read first time: February 8, 1999

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 23, 1999

CHAPTER _____

1 AN ACT concerning

2 **Insurance - Premium Financing - Discrimination**

3 FOR the purpose of prohibiting discrimination by insurers that market through
4 independent agents against independent agents, brokers, and insureds who use
5 premium financing instead of paying premiums in a different manner; requiring
6 certain independent agents to provide a certain disclosure to insureds with
7 respect to personal lines automobile insurance; and generally relating to
8 discrimination against insurance premium financing.

9 BY repealing and reenacting, with amendments,

10 Article - Insurance

11 Section 23-505.1 and 23-505.2

12 Annotated Code of Maryland

13 (1997 Volume and 1998 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 23-505.1.

18 An insurer that markets through independent agents as defined in this article
19 may not[, with respect to commercial automobile, fire, or liability insurance]:

20 (1) refuse to issue or deny the issuance of a policy because premiums
21 have been advanced by a registered premium finance company not affiliated with the
22 insurer; or

1 (2) require an insured to use a particular premium finance company or
2 other installment plan.

3 23-505.2.

4 (A) An insurer that markets through independent agents as defined in this
5 article may not[, with respect to commercial automobile, fire, or liability insurance,]
6 discriminate, intimidate, or retaliate against an agent, broker, or insured that uses
7 premium financing by denying the agent, broker, or insured the same rights accorded
8 to agents, brokers, or insureds who pay premiums in a different manner.

9 (B) WITH RESPECT TO PERSONAL LINES AUTOMOBILE INSURANCE, ~~THE~~ AN
10 INDEPENDENT AGENT, WHO DIRECTLY OR INDIRECTLY HAS AN OWNERSHIP
11 INTEREST IN A PREMIUM FINANCE COMPANY, SHALL PROVIDE A DISCLOSURE TO BE
12 SIGNED BY THE INSURED COMPARING THE COSTS AND TERMS OF PREMIUM
13 FINANCING WITH THE INSURER'S ALTERNATIVE PAYMENT PLAN.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
15 effect October 1, 1999.