

SENATE BILL 370

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1999 Regular Session  
9r1424  
CF 9r1464

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By: **Senators Kelley, Teitelbaum, Exum, Astle, Hooper, and Della**  
Introduced and read first time: February 5, 1999  
Assigned to: Finance

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A BILL ENTITLED

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 independent agents to provide a certain disclosure to insureds with respect to  
7 personal lines automobile insurance; and generally relating to discrimination  
8 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

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

25 23-505.2.

26 (A) An insurer that markets through independent agents as defined in this  
27 article may not [, with respect to commercial automobile, fire, or liability insurance,]

1 discriminate, intimidate, or retaliate against an agent, broker, or insured that uses  
2 premium financing by denying the agent, broker, or insured the same rights accorded  
3 to agents, brokers, or insureds who pay premiums in a different manner.

4 (B) WITH RESPECT TO PERSONAL LINES AUTOMOBILE INSURANCE, THE  
5 INDEPENDENT AGENT SHALL PROVIDE A DISCLOSURE TO BE SIGNED BY THE  
6 INSURED COMPARING THE COSTS AND TERMS OF PREMIUM FINANCING WITH THE  
7 INSURER'S ALTERNATIVE PAYMENT PLAN.

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