

SENATE BILL 370

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1999 Regular Session
9r1424
CF 9r1464

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

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 31, 1999

CHAPTER _____

1 AN ACT concerning

2 **Insurance - Premium Financing - Discrimination - Independent Agents**

3 FOR the purpose of prohibiting ~~discrimination by an independent agent from~~
4 negotiating or placing a premium finance agreement with a premium finance
5 company in which the independent agent has a direct or indirect ownership
6 interest; altering the applicability of a certain prohibition on insurers that
7 market through independent agents relating to discrimination against
8 independent agents, brokers, and insureds who use premium financing ~~instead~~
9 ~~of paying premiums in a different manner~~ under certain circumstances;
10 requiring independent agents to provide a certain disclosure to insureds with
11 respect to personal lines automobile insurance; providing for the application of
12 certain provisions of this Act; and generally relating to ~~discrimination against~~
13 independent agents and insurance premium financing.

14 BY adding to
15 Article - Insurance
16 Section 10-133
17 Annotated Code of Maryland
18 (1997 Volume and 1998 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article - Insurance
21 Section 23-505.1 and 23-505.2
22 Annotated Code of Maryland
23 (1997 Volume and 1998 Supplement)

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

3 **Article - Insurance**

4 10-133.

5 AN INDEPENDENT AGENT MAY NOT NEGOTIATE OR PLACE A PREMIUM
6 FINANCE AGREEMENT WITH A PREMIUM FINANCE COMPANY IN WHICH THE
7 INDEPENDENT AGENT HAS A DIRECT OR INDIRECT OWNERSHIP INTEREST.

8 23-505.1.

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

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

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

16 (B) THIS SECTION DOES NOT APPLY TO LIFE INSURANCE OR HEALTH
17 INSURANCE COVERAGES, EXCEPT THOSE COVERAGES DESCRIBED IN § 20-504 OF
18 THIS ARTICLE.

19 23-505.2.

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

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

29 (C) THIS SECTION DOES NOT APPLY TO LIFE INSURANCE OR HEALTH
30 INSURANCE COVERAGES, EXCEPT THOSE COVERAGES DESCRIBED IN § 20-504 OF
31 THIS ARTICLE.

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

