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By: **Senators DeGrange, Bromwell, and Astle**  
Introduced and read first time: February 2, 2000  
Assigned to: Finance

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Committee Report: Favorable  
Senate action: Adopted  
Read second time: March 20, 2000

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CHAPTER\_\_\_\_\_

1 AN ACT concerning

2 **Insurance Practices - Fees Imposed for Late Payment**

3 FOR the purpose of authorizing an insurer to charge and collect reasonable fees for  
4 late payment of a premium by a policyholder, if those late fees are approved by  
5 the Insurance Commissioner.

6 BY repealing and reenacting, with amendments,

7 Article - Insurance

8 Section 27-216(b)

9 Annotated Code of Maryland

10 (1997 Volume and 1999 Supplement)

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

13 **Article - Insurance**

14 27-216.

15 (b) (1) A person may not willfully collect a premium or charge for insurance  
16 that:

17 (i) exceeds or is less than the premium or charge applicable to that  
18 insurance under the applicable classifications and rates as filed with and approved by  
19 the Commissioner; or

1 (ii) if classifications, premiums, or rates are not required by this  
2 article to be filed with and approved by the Commissioner, exceeds or is less than the  
3 premium or charge specified in the policy and set by the insurer.

4 (2) Paragraph (1) of this subsection does not prohibit:

5 (i) a surplus lines broker that holds a certificate of qualification  
6 under Title 3, Subtitle 3 of this article from charging and collecting applicable State  
7 and federal taxes in addition to the required premium;

8 (ii) a life insurer from charging and collecting the amount actually  
9 expended for a medical examination of an applicant for life insurance or  
10 reinstatement of a policy of life insurance;

11 (iii) a broker from charging a fee, not exceeding 15% of the  
12 premium, for services rendered in replacing insurance in an insurer if commissions  
13 are not payable by the insurer;

14 (iv) an agent or broker from charging and collecting, as actual  
15 expenses incurred in placing automobile insurance with the Maryland Automobile  
16 Insurance Fund:

17 1. a maximum charge of \$10 plus \$1 more than the actual  
18 charge by the Motor Vehicle Administration for a driving record required to be  
19 presented with the application, unless otherwise provided by the Fund; or

20 2. the amount provided in subsection (e) of this section; or

21 (v) an authorized insurer from charging and [collecting  
22 reasonable] COLLECTING, IF APPROVED BY THE COMMISSIONER, REASONABLE  
23 installment fees [as approved by the Commissioner] OR REASONABLE FEES FOR  
24 LATE PAYMENT OF A PREMIUM BY A POLICYHOLDER OR BOTH.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
26 October 1, 2000.