

HOUSE BILL 283

Unofficial Copy  
C4

2001 Regular Session  
11r1338  
CF 11r1579

---

By: **Delegates Gordon, Love, and Sophocleus**  
Introduced and read first time: January 26, 2001  
Assigned to: Economic Matters

---

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Late Fees for Late Payment of Premiums**

3 FOR the purpose of authorizing authorized insurers to charge and collect, instead of  
4 or in addition to a certain installment fee, a certain late fee for late payment of  
5 insurance premiums under certain circumstances; establishing the maximum  
6 amount of the late fee; requiring the Insurance Commissioner to make a certain  
7 determination in approving a proposed late fee; prohibiting the cancellation of  
8 an insurance policy for failure to pay a single late fee; and generally relating to  
9 late fees for late payment of premiums for insurance.

10 BY repealing and reenacting, with amendments,  
11 Article - Insurance  
12 Section 27-216(b)  
13 Annotated Code of Maryland  
14 (1997 Volume and 2000 Supplement)

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

17 **Article - Insurance**

18 27-216.

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

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

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

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

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

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

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

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

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

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

17 (v) an authorized insurer from charging and collecting reasonable  
18 installment fees as approved by the Commissioner].

19 (3) (I) SUBJECT TO SUBPARAGRAPHS (II), (III), AND (IV) OF THIS  
20 PARAGRAPH, PARAGRAPH (1) OF THIS SUBSECTION DOES NOT PROHIBIT AN  
21 AUTHORIZED INSURER FROM CHARGING AND COLLECTING, IF APPROVED BY THE  
22 COMMISSIONER, REASONABLE INSTALLMENT FEES OR REASONABLE FEES FOR LATE  
23 PAYMENT OF PREMIUMS BY POLICYHOLDERS OR BOTH.

24 (II) A LATE FEE IMPOSED UNDER THIS PARAGRAPH MAY NOT  
25 EXCEED \$10.

26 (III) IN APPROVING A PROPOSED LATE FEE, THE COMMISSIONER  
27 SHALL DETERMINE THAT IT IS SUFFICIENT TO OFFSET ADMINISTRATIVE EXPENSES  
28 ASSOCIATED WITH LATE PAYMENTS.

29 (IV) A POLICY OF INSURANCE MAY NOT BE CANCELED FOR THE  
30 FAILURE TO PAY A SINGLE LATE FEE.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
32 October 1, 2001.