SENATE BILL 841

Unofficial Copy 2002 Regular Session 2lr2844 HB 1056/01 - CGM By: Senators Conway and Exum Introduced and read first time: February 15, 2002 Assigned to: Rules A BILL ENTITLED 1 AN ACT concerning 2 Mortgage Lending - Financing of Single Premium Insurance Coverages -3 **Prohibited** 4 FOR the purpose of prohibiting certain lenders and credit grantors from financing, 5 directly or indirectly, certain single premium insurance coverages as part of a 6 mortgage loan; providing for certain penalties; and generally relating to 7 mortgage lending and financing of single premium insurance coverages. 8 BY adding to Article - Commercial Law 10 Section 12-127, 12-909.2, and 12-1007.2 11 Annotated Code of Maryland 12 (2000 Replacement Volume and 2001 Supplement) SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF 13 14 MARYLAND, That the Laws of Maryland read as follows: 15 **Article - Commercial Law** 16 12-127. 17 (A) A LENDER MAY NOT FINANCE, DIRECTLY OR INDIRECTLY, AS PART OF A 18 MORTGAGE LOAN, ANY SINGLE PREMIUM INSURANCE COVERAGES, INCLUDING: 19 (1) CREDIT LIFE; CREDIT ACCIDENT AND HEALTH; 20 (2)

INVOLUNTARY UNEMPLOYMENT BENEFIT; OR

ANY OTHER LIFE OR HEALTH INSURANCE.

CREDIT DISABILITY;

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- 1 (B) A PERSON WHO WILLFULLY VIOLATES THIS SECTION IS GUILTY OF A
- 2 MISDEMEANOR AND ON CONVICTION IS SUBJECT TO A FINE NOT EXCEEDING \$1,000
- 3 OR IMPRISONMENT NOT EXCEEDING 1 YEAR OR BOTH.
- 4 12-909.2.
- 5 A CREDIT GRANTOR MAY NOT FINANCE, DIRECTLY OR INDIRECTLY, AS PART OF
- 6 A MORTGAGE LOAN, ANY SINGLE PREMIUM INSURANCE COVERAGES, INCLUDING:
- 7 (1) CREDIT LIFE;
- 8 (2) CREDIT ACCIDENT AND HEALTH;
- 9 (3) CREDIT DISABILITY;
- 10 (4) INVOLUNTARY UNEMPLOYMENT BENEFIT; OR
- 11 (5) ANY OTHER LIFE OR HEALTH INSURANCE.
- 12 12-1007.2.
- 13 A CREDIT GRANTOR MAY NOT FINANCE, DIRECTLY OR INDIRECTLY, AS PART OF 14 A MORTGAGE LOAN, ANY SINGLE PREMIUM INSURANCE COVERAGES, INCLUDING:
- 15 (1) CREDIT LIFE;
- 16 (2) CREDIT ACCIDENT AND HEALTH;
- 17 (3) CREDIT DISABILITY;
- 18 (4) INVOLUNTARY UNEMPLOYMENT BENEFIT; OR
- 19 (5) ANY OTHER LIFE OR HEALTH INSURANCE.
- 20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
- 21 effect October 1, 2001.