C4   5lr3246

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By: **Senators Gladden, Colburn, Conway, Currie, Dyson, Exum, Frosh,**
        Green, Haines, Hogan, Hollinger, Hooper, Hughes, Jones, Klausmeier,
        Lawlah, McFadden, Middleton, Miller, Stoltzfus, and Teitelbaum
Introduced and read first time: February 16, 2005
Assigned to: Rules

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A BILL ENTITLED

1 AN ACT concerning

2   **Maryland Automobile Insurance Fund - Financing of Premiums**

3 FOR the purpose of authorizing the Maryland Automobile Insurance Fund to provide
4   directly or indirectly for the financing of premiums charged on policies issued by
5   the Fund; authorizing the Fund to accept premiums on an installment basis;
6   and generally relating to financing of premiums for policies issued by the
7   Maryland Automobile Insurance Fund.

8 BY repealing and reenacting, without amendments,
9   Article - Insurance
10   Section 20-101(a) and (g)
11   Annotated Code of Maryland
12   (2002 Replacement Volume and 2004 Supplement)

13 BY repealing and reenacting, with amendments,
14   Article - Insurance
15   Section 20-507
16   Annotated Code of Maryland
17   (2002 Replacement Volume and 2004 Supplement)

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

20   **Article - Insurance**

21 20-101.

22   (a)   In this title the following words have the meanings indicated.

23   (g)   "Fund" means the Maryland Automobile Insurance Fund.

1 20-507.

2   (a)   Subject to the approval of the Commissioner, the Executive Director shall
3 determine the premiums to be charged on policies issued by the Fund.

4   (b)   (1)   Except as provided in subsection (c) of this section, the provisions of
5 Title 11, Subtitle 2 of this article apply to the determination of premiums by the
6 Executive Director.

7   (2)   Notwithstanding Title 11, Subtitle 2 of this article or any other
8 provision of this title, the Executive Director may base premiums on one or both of the
9 following items:

10   (i)   the number of points accumulated by an insured or applicant
11 for insurance under the point system provided for in Title 16, Subtitle 4 of the
12 Transportation Article; or

13   (ii)   the prior claims experience of an insured or applicant for
14 insurance.

15   (c)   (1)   Premiums for all commercial coverage shall be determined in
16 accordance with this section and § 20-508 of this subtitle.

17   (2)   Notwithstanding paragraph (1) of this subsection, the rating
18 principles under subsection (d) of this section may not be used to determine the
19 premium for commercial coverage.

20   (d)   In reviewing rates filed by the Fund, the Commissioner shall consider not
21 only the rating principles under Title 11, Subtitle 2 of this article but also the
22 statutory purpose of the Fund under § 20-301 of this title.

23   (e)   (1)   The Motor Vehicle Administration and Executive Director may
24 arrange for the Motor Vehicle Administration to collect premiums on policies issued
25 by the Fund when the Motor Vehicle Administration issues a driver's license or
26 certificate of registration.

27   (2)   A premium collected under this subsection shall be paid to the State
28 Treasurer for the account of the Fund.

29   (f)   (1)   The Fund may [not]:

30   (i)   provide directly or indirectly for the financing of premiums;
31 [or] AND

32   (ii)   accept premiums on an installment basis.

33   (2)   A premium may be financed [only] by a premium finance company
34 registered with the Commissioner in accordance with § 23-201 of this article.

1   (3)   If a prospective insured's initial payment to the Fund, a fund
2 producer, or premium finance company is not honored, a policy or endorsement issued
3 in reliance on that payment is void.

4   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 October 1, 2005.