

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE
Revised

House Bill 834

(Delegate Kelly)

Judiciary

Finance

Surety Insurance - Inducements to Insurance - Criminal Penalties - Bail
Bondsman

This bill provides a criminal penalty, in addition to any administrative penalties, for bail bondsmen who violate the prohibition against providing inducements to insurance. A person who violates this prohibition is guilty of a misdemeanor and is subject to a maximum \$5,000 fine.

Fiscal Summary

State Effect: Potential minimal increase in general fund revenues due to the bill's monetary penalty provision. No effect on expenditures.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: "Bail bondsman" means an authorized insurance producer of a surety insurer.

An insurer, employee, or representative of an insurer, or insurance producer may not pay, allow, give, or offer to pay, allow, or give directly or indirectly as an inducement to insurance or after insurance has become effective:

- a rebate, discount, abatement, credit, or reduction of the premium stated in the policy;
- a special favor or advantage in the dividends or other benefits to accrue on the policy; or
- valuable consideration or other inducement not specified in the policy.

The commission of a prohibited act is an unfair method of competition and an unfair and deceptive act or practice in the business of insurance.

The Commissioner may suspend, revoke, or refuse to renew or reinstate a license after notice and opportunity for hearing if the holder of the license has willfully violated a law of the State that relates to insurance.

State Effect: Revenues could increase minimally as a result of the bill's monetary penalty provision from cases heard in the District Court. As the number of people accused of this crime is expected to be minimal, any increase in District Court caseloads can be handled within existing budgeted resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts), Department of State Police, Maryland Insurance Administration, Department of Public Safety and Correctional Services, Department of Legislative Services

Fiscal Note History: First Reader - February 23, 2005
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