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By: **Delegates Haddaway, D. Davis, Elmore, Impallaria, Krebs, McHale, Moe,  
Parrott, Smigiel, and Walkup**

Introduced and read first time: February 2, 2006

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 19, 2006

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Insurance - ~~Unfair Trade Practices~~ Prohibited Acts - Inducements to**  
3 **Financing an Insurance Contract**

4 FOR the purpose of prohibiting a an insurance producer, employee of an insurance  
5 producer, or other person from accepting, directly or indirectly, any valuable  
6 consideration as an inducement to ~~financing an insurance contract with a~~  
7 ~~premium finance company~~ facilitate an agreement to finance a certain  
8 insurance premium; and generally relating to inducements to financing  
9 insurance contracts.

10 BY ~~adding to~~ repealing and reenacting, with amendments,

11 Article - Insurance

12 Section ~~27-222~~ 23-502

13 Annotated Code of Maryland

14 (2002 Replacement Volume and 2005 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 ~~27-222.~~

19 ~~A PERSON MAY NOT ACCEPT, DIRECTLY OR INDIRECTLY, ANY VALUABLE~~  
20 ~~CONSIDERATION AS AN INDUCEMENT TO FINANCING AN INSURANCE CONTRACT~~  
21 ~~WITH A PREMIUM FINANCE COMPANY.~~

1 23-502.

2 (A) A person may not pay any part of an initial service fee or any other fee or  
3 charge to an insurance producer, employee of an insurance producer, or to any other  
4 person as an inducement to financing an insurance contract with a premium  
5 financing company.

6 (B) AN INSURANCE PRODUCER, EMPLOYEE OF AN INSURANCE PRODUCER, OR  
7 ANY OTHER PERSON MAY NOT ACCEPT, DIRECTLY OR INDIRECTLY, ANY VALUABLE  
8 CONSIDERATION AS AN INDUCEMENT TO FACILITATE AN AGREEMENT TO FINANCE  
9 AN INSURANCE PREMIUM THAT CONTAINS AN ASSIGNMENT OF OR IS OTHERWISE  
10 SECURED BY THE UNEARNED PREMIUM OR REFUND OBTAINABLE FROM AN INSURER  
11 ON CANCELLATION OF AN INSURANCE CONTRACT.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
13 October 1, 2006.