

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 739

(Delegate Kelly, *et al.*)

Economic Matters

Finance

Insurance - Improper Premiums and Charges - Bail Bonds - Penalty

This bill provides that, in addition to any other sanction otherwise applicable, a person that violates the prohibition against improper premiums with regard to a bail bond is subject to a penalty of up to \$5,000 for each violation.

Fiscal Summary

State Effect: General fund revenues could increase minimally beginning in FY 2007 from penalties imposed under the bill. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Generally, a person may not willfully collect a premium or charge for insurance that: (1) exceeds or is less than the premium or charge applicable to that type insurance, if subject to prior approval by the Maryland Insurance Commissioner; or (2) if the classifications, premiums, or rates are not subject to prior approval by the Commissioner, exceeds or is less than the premium or charge specified in the policy and set by the insurer. The general prohibition does not prevent an insurance producer from charging a fee of up to 15% of the premium for services rendered in placing insurance in an insurer if the commissions are not payable by the insurer.

In order to enforce these provisions, the Commissioner may hold a hearing, issue a cease and desist order, suspend or revoke a license, or impose a penalty for violating these provisions. For an insurer (including a surety insurer), the penalty ranges from \$100 to \$125,000. For an insurance producer (including a bail bondsman), the penalty ranges from \$100 to \$500.

Additional Information

Prior Introductions: A similar bill, HB 834 of 2005, passed the House with amendments. The bill received a favorable report from the Finance Committee, but no further action was taken.

Cross File: SB 378 (Senator Astle) – Finance.

Information Source(s): Judiciary (Administrative Office of the Courts), Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - February 20, 2006
mll/ljm Revised - House Third Reader - March 23, 2006

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