

HOUSE BILL 767

C4

7lr2314

By: **Delegates Holmes, Anderson, Barnes, Benson, Cardin, Feldman, Gutierrez, Hucker, Lawton, Manno, Mizeur, Pena-Melnyk, Ramirez, Riley, Schuler, Stein, Taylor, and Wood**

Introduced and read first time: February 9, 2007

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Automobile Insurance Fund – Acceptance of Premiums on**
3 **Installment Basis**

4 FOR the purpose of authorizing the Maryland Automobile Insurance Fund to accept
5 premiums on an installment basis; authorizing the Fund to offer to accept
6 premiums on an installment basis on certain policies in a certain manner on or
7 after a certain date; authorizing the Fund to request approval of the Maryland
8 Insurance Commissioner to offer to accept premiums on an installment basis on
9 any policy issued in the State in a certain manner on or after a certain date;
10 requiring the Commissioner to determine whether to approve the request in a
11 certain manner within a certain period of time; providing that a request is
12 deemed approved within a certain period of time under certain circumstances;
13 requiring the Commissioner to phase in the number of policies that may be paid
14 on an installment basis in a certain manner; and generally relating to accepting
15 premiums on an installment basis on policies issued by the Maryland
16 Automobile Insurance Fund.

17 BY repealing and reenacting, without amendments,
18 Article – Insurance
19 Section 20–101(a) and (g)
20 Annotated Code of Maryland
21 (2006 Replacement Volume and 2006 Supplement)

22 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – Insurance

2 Section 20–507

3 Annotated Code of Maryland

4 (2006 Replacement Volume and 2006 Supplement)

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

7 **Article – Insurance**

8 20–101.

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

10 (g) “Fund” means the Maryland Automobile Insurance Fund.

11 20–507.

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

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

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

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

23 (ii) the prior claims experience of an insured or applicant for
24 insurance.

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

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

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

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

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

10 (f) (1) The Fund may not[:
11 (i)] provide directly or indirectly for the financing of premiums[;
12 or
13 (ii) accept premiums on an installment basis].

14 (2) A premium may be financed only by a premium finance company
15 registered with the Commissioner in accordance with § 23–201 of this article.

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

19 (G) (1) IN ACCORDANCE WITH THIS SUBSECTION, THE FUND MAY
20 ACCEPT PREMIUMS ON AN INSTALLMENT BASIS.

21 (2) (I) ON OR AFTER OCTOBER 1, 2007, THE FUND MAY OFFER
22 TO ACCEPT PREMIUMS ON AN INSTALLMENT BASIS ON POLICIES ISSUED IN THE
23 STATE.

24 (II) THE NUMBER OF POLICIES THAT MAY BE PAID ON AN
25 INSTALLMENT BASIS MAY NOT EXCEED 20% OF THE TOTAL NUMBER OF
26 POLICIES IN EFFECT FOR THE FUND IN THE ENTIRE STATE ON THE DATE THE
27 FUND INITIALLY OFFERS TO ACCEPT PREMIUMS ON AN INSTALLMENT BASIS.

28 (3) (I) ON OR AFTER 15 MONTHS FOLLOWING THE DATE THE
29 FUND INITIALLY OFFERS TO ACCEPT PREMIUMS ON AN INSTALLMENT BASIS
30 UNDER PARAGRAPH (2)(I) OF THIS SUBSECTION, THE FUND MAY REQUEST, IN

1 **WRITING, APPROVAL OF THE COMMISSIONER TO OFFER TO ACCEPT PREMIUMS**
2 **ON AN INSTALLMENT BASIS FOR ANY POLICY ISSUED IN THE STATE.**

3 **(II) ON RECEIPT OF A REQUEST BY THE FUND UNDER**
4 **SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE COMMISSIONER SHALL**
5 **DETERMINE WHETHER TO APPROVE THE REQUEST AS SOON AS REASONABLY**
6 **POSSIBLE AFTER THE REQUEST IS MADE.**

7 **(III) A REQUEST IS DEEMED APPROVED AFTER 60 WORKING**
8 **DAYS OF RECEIPT OF THE REQUEST UNLESS THE COMMISSIONER:**

9 **1. DISAPPROVES THE REQUEST; OR**

10 **2. NOTIFIES THE FUND THAT THE WAITING PERIOD**
11 **IS EXTENDED ANOTHER 30 DAYS.**

12 **(IV) IF THE COMMISSIONER APPROVES THE REQUEST, THE**
13 **COMMISSIONER SHALL REQUIRE THE FUND TO PHASE IN THE NUMBER OF**
14 **POLICIES THAT MAY BE PAID ON AN INSTALLMENT BASIS, WITH NO MORE THAN**
15 **AN ADDITIONAL 20% OF THE NUMBER OF POLICIES ISSUED THAT MAY BE PAID**
16 **ON AN INSTALLMENT BASIS IN EACH YEAR FOLLOWING THE APPROVAL OF THE**
17 **REQUEST.**

18 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect**
19 **October 1, 2007.**