

# HOUSE BILL 1121

C4

71r2546

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By: **Delegate Krysiak**

Introduced and read first time: February 16, 2007

Assigned to: Rules and Executive Nominations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Automobile Insurance Fund – Fund Producers – Commissions and**  
3 **Expenses**

4 FOR the purpose of altering the commission that the Maryland Automobile Insurance  
5 Fund must pay to a fund producer of a certain policyholder for private  
6 passenger auto insurance issued by the Fund; altering the maximum charge a  
7 fund producer may charge and collect, as an actual expense incurred in placing  
8 automobile insurance with the Fund, for a certain driving record obtained from  
9 the Motor Vehicle Administration; and generally relating to commissions and  
10 expenses of fund producers.

11 BY repealing and reenacting, with amendments,  
12 Article – Insurance  
13 Section 20–512 and 27–216(b)(2)  
14 Annotated Code of Maryland  
15 (2006 Replacement Volume and 2006 Supplement)

16 BY repealing and reenacting, without amendments,  
17 Article – Insurance  
18 Section 27–216(b)(1)  
19 Annotated Code of Maryland  
20 (2006 Replacement Volume and 2006 Supplement)

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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**Article – Insurance**

2 20–512.

3 (a) Except as provided in subsection (b) of this section, the Fund shall pay to  
4 a fund producer of a policyholder to whom a policy is issued a commission:

5 (1) for private passenger auto insurance issued by the Fund, at a rate  
6 [of] **DETERMINED BY THE EXECUTIVE DIRECTOR BUT NOT LESS THAN 10%** of the  
7 total premium; and

8 (2) for any other insurance issued by the Fund, at a rate determined  
9 by the Fund but not to exceed 10% of the total premium.

10 (b) The Fund may not pay a commission:

11 (1) on a fully earned basis;

12 (2) if a prospective insured fails to qualify under § 20–502 of this  
13 subtitle; or

14 (3) if a prospective insured's initial payment to the Fund, a fund  
15 producer, or premium finance company is not honored.

16 (c) If a policy issued by the Fund is canceled, the Fund shall refund any  
17 unearned commissions.

18 27–216.

19 (b) (1) A person may not willfully collect a premium or charge for  
20 insurance that:

21 (i) exceeds or is less than the premium or charge applicable to  
22 that insurance under the applicable classifications and rates as filed with and  
23 approved by the Commissioner; or

24 (ii) if classifications, premiums, or rates are not required by this  
25 article to be filed with and approved by the Commissioner, exceeds or is less than the  
26 premium or charge specified in the policy and set by the insurer.

27 (2) Paragraph (1) of this subsection does not prohibit:

1 (i) a surplus lines broker that holds a certificate of qualification  
2 under Title 3, Subtitle 3 of this article from charging and collecting applicable State  
3 and federal taxes in addition to the required premium;

4 (ii) a life insurer from charging and collecting the amount  
5 actually expended for a medical examination of an applicant for life insurance or  
6 reinstatement of a policy of life insurance;

7 (iii) an insurance producer from charging a fee, not exceeding  
8 15% of the premium, for services rendered in replacing insurance in an insurer if  
9 commissions are not payable by the insurer; or

10 (iv) a fund producer from charging and collecting, as actual  
11 expenses incurred in placing automobile insurance with the Maryland Automobile  
12 Insurance Fund:

13 1. a maximum charge of [~~\$10~~] **\$20** plus \$1 more than  
14 the actual charge by the Motor Vehicle Administration for a driving record required to  
15 be presented with the application, unless otherwise provided by the Fund; or

16 2. the amount provided in subsection (e) of this section.

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