

HOUSE BILL 526

C4

8lr2284

By: **Delegate Holmes**

Introduced and read first time: January 30, 2008

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Premium Finance Companies – Authority to Cancel Policies**
3 **Issued by Maryland Automobile Insurance Fund**

4 FOR the purpose of prohibiting a premium finance company from using a power of
5 attorney or other authority to cancel, on behalf of an insured, a private
6 passenger automobile insurance policy issued to the insured by the Maryland
7 Automobile Insurance Fund; and generally relating to premium finance
8 companies.

9 BY repealing and reenacting, with amendments,
10 Article – Insurance
11 Section 23–401
12 Annotated Code of Maryland
13 (2006 Replacement Volume and 2007 Supplement)

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

16 **Article – Insurance**

17 23–401.

18 (A) [When] **SUBJECT TO SUBSECTION (B) OF THIS SECTION, WHEN** in
19 connection with a premium finance agreement a power of attorney or other authority
20 to cancel an insurance contract on behalf of an insured is given to a premium finance
21 company, the premium finance company may not cancel the insurance contract except
22 in accordance with this subtitle.

23 (B) **A PREMIUM FINANCE COMPANY MAY NOT USE A POWER OF**
24 **ATTORNEY OR OTHER AUTHORITY TO CANCEL, ON BEHALF OF AN INSURED, A**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 PRIVATE PASSENGER AUTOMOBILE INSURANCE POLICY ISSUED TO THE
2 INSURED BY THE MARYLAND AUTOMOBILE INSURANCE FUND.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 October 1, 2008.