

HOUSE BILL 1510

C4

8lr0055

By: **Chair, Economic Matters Committee (By Request – Departmental – Insurance Administration, Maryland)**

Introduced and read first time: February 20, 2008

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Premium Finance Companies – Calculation of Finance Charge**

3 FOR the purpose of altering the calculation of the finance charge under premium
4 finance agreements; and generally relating to premium finance companies.

5 BY repealing and reenacting, with amendments,
6 Article – Insurance
7 Section 23–304
8 Annotated Code of Maryland
9 (2006 Replacement Volume and 2007 Supplement)

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

12 **Article – Insurance**

13 23–304.

14 The finance charge shall be computed:

15 (1) on the amount of the entire premium loan advanced, including any
16 taxes or fees that are financed under § 23–301.1 of this subtitle, after subtracting any
17 down payment on the premium loan made by the insured;

18 (2) from the inception date of the insurance contract or from the due
19 date of the premium, disregarding any grace period or credit allowed for payment of
20 the premium, through the date when the final installment under the premium finance
21 agreement is payable; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (3) at a rate not exceeding 1.15% for each 30 days[, charged in
2 advance] **ON THE OUTSTANDING BALANCE.**

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