

HOUSE BILL 1320

C4

9lr3155

By: **Delegate Ali**

Introduced and read first time: February 17, 2009

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance Payment Fee Prevention Act**

3 FOR the purpose of prohibiting an insurer that issues, sells, or delivers a motor
4 vehicle liability insurance policy in the State from charging or collecting an
5 installment fee; and generally relating to motor vehicle liability insurance.

6 BY repealing and reenacting, with amendments,
7 Article – Insurance
8 Section 27–216(b)
9 Annotated Code of Maryland
10 (2006 Replacement Volume and 2008 Supplement)

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

13 **Article – Insurance**

14 27–216.

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

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

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

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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 plus \$1 more than the
14 actual charge by the Motor Vehicle Administration for a driving record required to be
15 presented with the application, unless otherwise provided by the Fund; or

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

17 (3) (i) Subject to subparagraphs (ii), (iii), (iv), and (v) of this
18 paragraph, **AND EXCEPT AS PROVIDED IN SUBPARAGRAPH (VI) OF THIS**
19 **PARAGRAPH**, paragraph (1) of this subsection does not prohibit an authorized insurer
20 from charging and collecting, if approved by the Commissioner, reasonable installment
21 fees or reasonable fees for late payment of premiums by policyholders or both.

22 (ii) The Commissioner:

23 1. shall review administrative expenses submitted by an
24 authorized insurer that are associated with late payments or installment payments;
25 and

26 2. may approve a late fee or installment fee not to exceed
27 \$10.

28 (iii) A late fee may not be imposed:

29 1. during any grace period required by law or regulation
30 on a policy of insurance; or

31 2. if no grace period is required by law or regulation on a
32 policy of insurance, until 2 business days after the date the payment amount becomes
33 due.

1 (iv) An authorized insurer shall credit each payment received
2 from an insured to the premium owed by the insured before crediting the payment to a
3 late fee or installment fee owed by the insured.

4 (v) A policy of insurance may not be canceled for the failure to
5 pay a single late fee or single installment fee.

6 (VI) AN INSURER THAT ISSUES, SELLS, OR DELIVERS A
7 MOTOR VEHICLE LIABILITY INSURANCE POLICY IN THE STATE MAY NOT
8 CHARGE OR COLLECT AN INSTALLMENT FEE.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 October 1, 2009.