

HB0825/153725/1

BY: Senator Mooney

AMENDMENTS TO HOUSE BILL 825
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike “Laws” and substitute “Insurance”; in the same line, after “Amounts” insert “and Payment of Premiums”; in line 5, after “accident;” insert “authorizing the Maryland Automobile Insurance Fund to accept premiums on an installment basis under certain circumstances;”; and after line 7, insert:

“BY repealing and reenacting, with amendments,

Article – Insurance

Section 20-507(f)

Annotated Code of Maryland

(2006 Replacement Volume and 2009 Supplement)

BY adding to

Article – Insurance

Section 20-507(g)

Annotated Code of Maryland

(2006 Replacement Volume and 2009 Supplement)”.

AMENDMENT NO. 2

On page 1, after line 14, insert:

“Article – Insurance

20-507.

(f) (1) The Fund may not:

(Over)

(i) provide directly or indirectly for the financing of premiums;

or

(ii) EXCEPT AS PROVIDED IN SUBSECTION (G) OF THIS SECTION, accept premiums on an installment basis.

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

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

(G) (1) SUBJECT TO THE APPROVAL OF THE COMMISSIONER AND IN ACCORDANCE WITH THIS SUBSECTION, THE FUND MAY ACCEPT PREMIUMS ON AN INSTALLMENT BASIS ONLY ON 12-MONTH PERSONAL LINES POLICIES.

(2) IN APPROVING THE FUND'S PLAN FOR ACCEPTING PREMIUMS ON AN INSTALLMENT BASIS, THE COMMISSIONER SHALL ENSURE THAT THE FUND'S INSTALLMENT PAYMENT PLAN:

(I) REQUIRES AN INSURED'S INITIAL PREMIUM PAYMENT TO BE NO LESS THAN 15% OF THE TOTAL PREMIUM;

(II) IS STRUCTURED AND ADMINISTERED TO ENSURE THAT THE FUND AT NO TIME PROVIDES INSURANCE COVERAGE TO AN INSURED FOR A PERIOD DURING WHICH THE FUND HAS NOT RECEIVED THE ACTUARIALLY JUSTIFIED PREMIUM PAYMENT;

(III) OFFERS NO MORE THAN NINE INSTALLMENT PAYMENTS ON THE 12-MONTH POLICY;

(IV) ALLOWS INSUREDS TO MAKE AN INITIAL PREMIUM PAYMENT AND INSTALLMENT PAYMENTS IN ANY COMMERCIALY ACCEPTABLE FORM, WHICH SHALL INCLUDE PAYMENT BY CHECK, CREDIT CARD, OR ELECTRONIC TRANSFER; AND

(V) ALLOWS THE FUND TO IMPOSE AN ADMINISTRATIVE PROCESSING FEE ON INSUREDS PARTICIPATING IN THE INSTALLMENT PAYMENT PLAN OF NO MORE THAN \$8 PER INSTALLMENT PAYMENT.”.