

# SENATE BILL 641

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By: **Senators Pugh, Harrington, Jones, Lenett, Madaleno, Raskin, and Rosapepe**

Introduced and read first time: February 5, 2010

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Premium Finance Companies – Acceptance of Consideration**  
3 **During Term of Premium Financing Agreement – Prohibited**

4 FOR the purpose of prohibiting an insurance producer, employee of an insurance  
5 producer, or any other person from accepting, directly or indirectly, any  
6 valuable consideration during the term of a premium finance agreement that  
7 was facilitated by the insurance producer, employee, or other person and  
8 finances premiums under a certain policy written through the Maryland  
9 Automobile Insurance Fund; and generally relating to premium financing  
10 agreements.

11 BY repealing and reenacting, with amendments,

12 Article – Insurance

13 Section 23–502

14 Annotated Code of Maryland

15 (2006 Replacement Volume and 2009 Supplement)

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

18 **Article – Insurance**

19 23–502.

20 (a) A person may not pay any part of an initial service fee or any other fee or  
21 charge to an insurance producer, employee of an insurance producer, or to any other  
22 person as an inducement to financing an insurance contract with a premium financing  
23 company.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) An insurance producer, employee of an insurance producer, or any other  
2 person may not accept, directly or indirectly, any valuable consideration as an  
3 inducement to facilitate an agreement to finance an insurance premium that contains  
4 an assignment of or is otherwise secured by the unearned premium or refund  
5 obtainable from an insurer on cancellation of an insurance contract.

6 (C) AN INSURANCE PRODUCER, EMPLOYEE OF AN INSURANCE  
7 PRODUCER, OR ANY OTHER PERSON MAY NOT ACCEPT, DIRECTLY OR  
8 INDIRECTLY, ANY VALUABLE CONSIDERATION AT ANY TIME DURING THE TERM  
9 OF A PREMIUM FINANCING AGREEMENT THAT:

10 (1) WAS FACILITATED BY THE INSURANCE PRODUCER,  
11 EMPLOYEE, OR OTHER PERSON; AND

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
16 October 1, 2010.