

SENATE BILL 394

C4
SB 603/08 – FIN

1lr2103

By: **Senators Pugh, Conway, Currie, Forehand, Gladden, Jones–Rodwell, Madaleno, McFadden, Middleton, Montgomery, Muse, Peters, Pinsky, Ramirez, Raskin, Robey, and Stone**
Introduced and read first time: February 4, 2011
Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Automobile Insurance Fund – Acceptance of Premiums on**
3 **Installment Basis**

4 FOR the purpose of authorizing the Maryland Automobile Insurance Fund to accept
5 premiums on an installment basis; providing for the application of this Act; and
6 generally relating to accepting premiums on an installment basis on policies
7 issued by the Maryland Automobile Insurance Fund.

8 BY repealing and reenacting, without amendments,
9 Article – Insurance
10 Section 20–101(a) and (g)
11 Annotated Code of Maryland
12 (2006 Replacement Volume and 2010 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article – Insurance
15 Section 20–507
16 Annotated Code of Maryland
17 (2006 Replacement Volume and 2010 Supplement)

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

20 **Article – Insurance**

21 20–101.

22 (a) In this title the following words have the meanings indicated.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



(g) “Fund” means the Maryland Automobile Insurance Fund.

20–507.

(a) Subject to the approval of the Commissioner, the Executive Director shall determine the premiums to be charged on policies issued by the Fund.

(b) (1) Except as provided in subsection (c) of this section, the provisions of Title 11, Subtitle 2 of this article apply to the determination of premiums by the Executive Director.

(2) Notwithstanding Title 11, Subtitle 2 of this article or any other provision of this title, the Executive Director may base premiums on one or both of the following items:

(i) the number of points accumulated by an insured or applicant for insurance under the point system provided for in Title 16, Subtitle 4 of the Transportation Article; or

(ii) the prior claims experience of an insured or applicant for insurance.

(c) (1) Premiums for all commercial coverage shall be determined in accordance with this section and § 20–508 of this subtitle.

(2) Notwithstanding paragraph (1) of this subsection, the rating principles under subsection (d) of this section may not be used to determine the premium for commercial coverage.

(d) In reviewing rates filed by the Fund, the Commissioner shall consider not only the rating principles under Title 11, Subtitle 2 of this article but also the statutory purpose of the Fund under § 20–301 of this title.

(e) (1) The Motor Vehicle Administration and Executive Director may arrange for the Motor Vehicle Administration to collect premiums on policies issued by the Fund when the Motor Vehicle Administration issues a driver’s license or certificate of registration.

(2) A premium collected under this subsection shall be paid to the State Treasurer for the account of the Fund.

(f) (1) The Fund may not[:

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

(ii) accept premiums on an installment basis].

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

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

6 **(G) THE FUND MAY ACCEPT PREMIUMS ON AN INSTALLMENT BASIS.**

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
8 policies and contracts issued by the Maryland Automobile Insurance Fund on or after
9 the effective date of this Act.

10 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 October 1, 2011.