

SENATE BILL 100

C4

4lr0043

(PRE-FILED)

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

Requested: November 7, 2013

Introduced and read first time: January 8, 2014

Assigned to: Finance

Committee Report: Favorable

Senate action: Adopted with floor amendments

Read second time: January 21, 2014

CHAPTER _____

1 AN ACT concerning

2 **Insurance – Premiums and Charges – Review of Administrative Expenses**

3 FOR the purpose of requiring the Maryland Insurance Commissioner, when reviewing
4 certain administrative expenses submitted by an authorized insurer that are
5 associated with late payments or installment payments, to include in the review
6 the cost incurred by an authorized insurer or a certain vendor to accept late
7 payments or installment payments by credit card, debit card, electronic funds
8 transfer, or electronic check payment; and generally relating to the review of
9 administrative expenses by the Maryland Insurance Commissioner.

10 BY repealing and reenacting, without amendments,
11 Article – Insurance
12 Section 27–216(a)
13 Annotated Code of Maryland
14 (2011 Replacement Volume and 2013 Supplement)

15 BY repealing and reenacting, with amendments,
16 Article – Insurance
17 Section 27–216(b)
18 Annotated Code of Maryland
19 (2011 Replacement Volume and 2013 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

3 **Article – Insurance**

4 27–216.

5 (a) A person may not willfully collect a premium or charge for insurance if
6 the insurance is not then provided, or is not in due course to be provided subject to
7 acceptance of the risk by the insurer, in a policy issued by an insurer as authorized by
8 this article.

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

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

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

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

18 (i) a surplus lines broker that holds a certificate of qualification
19 under Title 3, Subtitle 3 of this article from charging and collecting applicable State
20 and federal taxes in addition to the required premium;

21 (ii) a life insurer from charging and collecting the amount
22 actually expended for a medical examination of an applicant for life insurance or
23 reinstatement of a policy of life insurance;

24 (iii) an insurance producer from charging a fee, not exceeding
25 15% of the premium, for services rendered in replacing insurance in an insurer if
26 commissions are not payable by the insurer; or

27 (iv) a fund producer from charging and collecting, as actual
28 expenses incurred in placing automobile insurance with the Maryland Automobile
29 Insurance Fund:

30 1. a maximum charge of \$10 plus \$1 more than the
31 actual charge by the Motor Vehicle Administration for a driving record required to be
32 presented with the application, unless otherwise provided by the Fund; or

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

1 (3) (i) Subject to subparagraphs (ii), (iii), (iv), and (v) of this
2 paragraph, paragraph (1) of this subsection does not prohibit an authorized insurer
3 from charging and collecting, if approved by the Commissioner, reasonable installment
4 fees or reasonable fees for late payment of premiums by policyholders or both.

5 (ii) The Commissioner:

6 1. shall review administrative expenses submitted by an
7 authorized insurer that are associated with late payments or installment payments,
8 **INCLUDING THE COST INCURRED BY AN AUTHORIZED INSURER OR A VENDOR OF**
9 **THE AUTHORIZED INSURER TO ACCEPT LATE PAYMENTS OR INSTALLMENT**
10 **PAYMENTS BY CREDIT CARD, DEBIT CARD, ELECTRONIC FUNDS TRANSFER, OR**
11 **ELECTRONIC CHECK PAYMENT;** and

12 2. may approve a late fee or installment fee not to exceed
13 \$10.

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

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

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

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

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

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 2014.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.