

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 800
Economic Matters

(Delegate Adams, *et al.*)

Finance

Insurance Premiums - Payment by Credit Card - Reimbursement for Expenses

This bill specifies that Insurance Law does not prohibit an insurance producer from charging and collecting the expenses incurred when an insured makes a premium payment using a credit card. A producer must fully disclose (1) every possible payment method accepted to an insured and (2) any charge for actual expenses incurred by the producer for payment of a premium using a credit card. The bill also expressly authorizes a surplus lines broker to charge and collect the expenses incurred when an insured pays a premium, policy fee, and any other fees and taxes related to a policy using a credit card. A broker must disclose this information on a form approved by the Insurance Commissioner. For an insurance producer or a surplus lines broker, any point-of-service credit card expenses may not be considered a premium for any purpose.

Fiscal Summary

State Effect: The bill does not materially affect State operations or finances.

Local Effect: The bill does not directly affect local governmental operations or finances.

Small Business Effect: Minimal. Small business insurance producers and surplus lines brokers are able to recoup costs incurred for accepting credit card payments under the bill.

Analysis

Current Law/Background: The Insurance Article prohibits any person from collecting a premium or charge for insurance that exceeds or is less than the premium or charge applicable to the insurance policy; however, there are some exceptions. For example, a late fee or installment fee can be charged, if the fee meets specified requirements.

An insurance producer is a person licensed by the Maryland Insurance Administration to sell insurance in the State on behalf of an insurer. A producer can be a captive agent, only selling insurance for one insurer, or an independent agent, able to sell insurance for more than one insurer. An individual applying for the license must be of good character and trustworthy and meet any education requirements specified by law and set by the Commissioner.

The Insurance Article authorizes the purchase of insurance from an unauthorized insurer as a surplus line if specified conditions are met. Primarily, the type of insurance being sought must not be available in the State. Surplus lines insurance can be purchased through a person certified by the Commissioner as a surplus lines broker. An applicant for the certificate must qualify as an insurance producer for property and casualty insurance and be deemed competent and trustworthy, as determined by the Commissioner. Similar to a producer, an insurance broker can also sell insurance from more than one insurer; however, rather than work on behalf of an insurer, an insurance broker works on behalf of the consumer.

Surplus lines brokers are required to make a written disclosure to the applicant for the insurance – with specified information such as the amount of any inspection or policy fee, the premium tax on the policy, and information about the person doing the inspection.

Additional Information

Prior Introductions: None.

Cross File: SB 94 (Senator Reilly) - Finance.

Information Source(s): Maryland Insurance Administration; Department of Legislative Services

Fiscal Note History: First Reader - February 5, 2017
fn/ljm Third Reader - March 16, 2017
Revised - Amendment(s) - March 16, 2017

Analysis by: Richard L. Duncan

Direct Inquiries to:
(410) 946-5510
(301) 970-5510