

SENATE BILL 334

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2000 Regular Session
0lr1658

By: Senators DeGrange, Bromwell, and Astle

Introduced and read first time: February 2, 2000

Assigned to: Finance

Committee Report: Favorable

Senate action: Adopted

Read second time: March 20, 2000

CHAPTER_____

1 AN ACT concerning

2 **Insurance Practices - Fees Imposed for Late Payment**

3 FOR the purpose of authorizing an insurer to charge and collect reasonable fees for
4 late payment of a premium by a policyholder, if those late fees are approved by
5 the Insurance Commissioner.

6 BY repealing and reenacting, with amendments,
7 Article - Insurance
8 Section 27-216(b)
9 Annotated Code of Maryland
10 (1997 Volume and 1999 Supplement)

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

13 **Article - Insurance**

14 27-216.

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

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

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

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

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

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

11 (iii) a broker from charging a fee, not exceeding 15% of the
12 premium, for services rendered in replacing insurance in an insurer if commissions
13 are not payable by the insurer;

14 (iv) an agent or broker from charging and collecting, as actual
15 expenses incurred in placing automobile insurance with the Maryland Automobile
16 Insurance Fund:

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

20 2. the amount provided in subsection (e) of this section; or

21 (v) an authorized insurer from charging and [collecting
22 reasonable] COLLECTING, IF APPROVED BY THE COMMISSIONER, REASONABLE
23 installment fees [as approved by the Commissioner] OR REASONABLE FEES FOR
24 LATE PAYMENT OF A PREMIUM BY A POLICYHOLDER OR BOTH.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 2000.