

HOUSE BILL 414

C4

8lr2275

By: **Delegate Davis**

Introduced and read first time: January 28, 2008

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Insurance - Financing of Premiums or Acceptance of**
3 **Premiums on an Installment Basis by Insurer - Prohibited**

4 FOR the purpose of prohibiting an insurer that issues, sells, or delivers a motor
5 vehicle insurance policy in the State from providing, directly or indirectly, for
6 the financing of premiums and from accepting premiums on an installment
7 basis; providing that a premium may be financed only by certain premium
8 finance companies; providing that if a certain initial payment is not honored, a
9 policy or endorsement issued in reliance on that payment is void; providing for
10 the application of this Act; and generally relating to motor vehicle insurance.

11 BY adding to

12 Article - Insurance

13 Section 19-517

14 Annotated Code of Maryland

15 (2006 Replacement Volume and 2007 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 **19-517.**

20 **(A) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, AN INSURER**
21 **THAT ISSUES, SELLS, OR DELIVERS A MOTOR VEHICLE INSURANCE POLICY IN**
22 **THE STATE MAY NOT:**

23 **(1) PROVIDE DIRECTLY OR INDIRECTLY FOR THE FINANCING OF**
24 **PREMIUMS; OR**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(2) ACCEPT PREMIUMS ON AN INSTALLMENT BASIS.**

2 **(B) A PREMIUM MAY BE FINANCED ONLY BY A PREMIUM FINANCE**
3 **COMPANY REGISTERED WITH THE COMMISSIONER IN ACCORDANCE WITH §**
4 **23-201 OF THIS ARTICLE.**

5 **(C) IF A PROSPECTIVE INSURED'S INITIAL PAYMENT TO AN INSURER,**
6 **INSURANCE PRODUCER, OR PREMIUM FINANCE COMPANY IS NOT HONORED, A**
7 **POLICY OR ENDORSEMENT ISSUED IN RELIANCE ON THAT PAYMENT IS VOID.**

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
9 motor vehicle insurance policies and contracts issued, sold, delivered, or renewed in
10 the State on or after July 1, 2008.

11 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
12 July 1, 2008.