

SENATE BILL 142

C4

5lr1212

By: **Senators Pugh, Benson, Conway, Feldman, King, Madaleno, and Nathan-Pulliam**

Introduced and read first time: January 29, 2015

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Property and Casualty Insurance – Premium Finance Companies – Assignment**
3 **of Rights and Obligations – Repeal of Termination Date**

4 FOR the purpose of repealing the termination date of certain provisions of law relating to
5 the authority of a premium finance company, with respect to certain motor vehicle
6 insurance, personal insurance, and commercial insurance, to assign certain rights
7 and obligations under a premium finance agreement and to pledge a premium
8 finance agreement as collateral for a loan; and generally relating to premium finance
9 companies under property and casualty insurance.

10 BY repealing and reenacting, without amendments,
11 Article – Insurance
12 Section 23–301.2
13 Annotated Code of Maryland
14 (2011 Replacement Volume and 2014 Supplement)

15 BY repealing and reenacting, with amendments,
16 Chapter 334 of the Acts of the General Assembly of 2013
17 Section 6

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

20 **Article – Insurance**

21 23–301.2.

22 (a) (1) With respect to private passenger motor vehicle insurance and personal
23 insurance, a premium finance company may:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (i) assign all rights and obligations under a premium finance
2 agreement to another premium finance company that is registered in the State under this
3 title; or

4 (ii) pledge a premium finance agreement as collateral for a loan.

5 (2) If a premium finance company assigns the obligation to service a
6 premium finance agreement to another premium finance company under paragraph (1)(i)
7 of this subsection, the assigning premium finance company shall notify the insured in
8 accordance with subsection (c) of this section:

9 (i) that the obligation to service the premium finance agreement has
10 been assigned to another premium finance company that is registered in the State under
11 this title; and

12 (ii) of the name, address, and telephone number of the premium
13 finance company to which the obligation has been assigned.

14 (b) (1) With respect to commercial automobile, fire, or liability insurance, a
15 premium finance company:

16 (i) except as provided in paragraph (2) of this subsection, may
17 assign all rights and obligations under a premium finance agreement to another person if
18 the premium finance agreement expressly confers the right to assign all rights and
19 obligations under the premium finance agreement; or

20 (ii) may pledge a premium finance agreement as collateral for a loan.

21 (2) A premium finance company that assigns rights and obligations under
22 paragraph (1)(i) of this subsection shall:

23 (i) retain the obligation to service the premium finance agreement;
24 or

25 (ii) assign the obligation to service the premium finance agreement
26 to another premium finance company that is registered in the State under this title.

27 (3) If a premium finance company assigns the obligation to service a
28 premium finance agreement to another premium finance company under paragraph (2)(ii)
29 of this subsection, the assigning premium finance company shall notify the insured in
30 accordance with subsection (c) of this section:

31 (i) that the obligation to service the premium finance agreement has
32 been assigned to another premium finance company that is registered in the State under
33 this title; and

1 (ii) of the name, address, and telephone number of the premium
2 finance company to which the obligation has been assigned.

3 (c) A notice required under subsection (a)(2) or (b)(3) of this subsection shall be
4 by:

5 (1) first-class mail; or

6 (2) if the premium finance company meets the requirements for delivering
7 a notice under § 27-601.2 of this article, electronic means.

8 **Chapter 334 of the Acts of 2013**

9 SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall take effect July
10 1, 2013. [Section 2 of this Act shall remain effective for a period of 2 years and, at the end
11 of June 30, 2015, with no further action required by the General Assembly, Section 2 of this
12 Act shall be abrogated and of no further force and effect.]

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
14 1, 2015.