

A PREMIUM FINANCE AGREEMENT MAY REQUIRE THE INSURED TO PAY A DELINQUENCY AND COLLECTION CHARGE ON EACH INSTALLMENT THAT IS IN DEFAULT FOR A PERIOD OF NOT LESS THAN 5 DAYS.

(B) AMOUNT.

A DELINQUENCY AND COLLECTION CHARGE SHALL BE AT LEAST \$1, UP TO A MAXIMUM OF 5% OF THE INSTALLMENT IN DEFAULT, BUT MAY NOT EXCEED:

(1) \$5, WITH RESPECT TO PRIVATE PASSENGER AUTOMOBILE OR PERSONAL FIRE OR LIABILITY INSURANCE; AND

(2) \$50, WITH RESPECT TO COMMERCIAL AUTOMOBILE, FIRE, OR LIABILITY INSURANCE.

(C) LIMITATION.

ONLY ONE DELINQUENCY AND COLLECTION CHARGE MAY BE COLLECTED ON AN INSTALLMENT, REGARDLESS OF THE PERIOD DURING WHICH THE INSTALLMENT REMAINS IN DEFAULT.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 486F(a) through (c).

In the introductory language of subsection (b) of this section, the reference to the installment "in default" is added for clarity.

Defined terms: "Insurance" § 1-101

"Premium finance agreement" § 23-101

23-307. CANCELLATION CHARGE; REINSTATEMENT CHARGE.

(A) CANCELLATION CHARGE.

A PREMIUM FINANCE AGREEMENT MAY REQUIRE THE INSURED TO PAY A CANCELLATION CHARGE IF A DEFAULT IN PAYING AN INSTALLMENT RESULTS IN THE CANCELLATION OF AN INSURANCE CONTRACT LISTED IN THE PREMIUM FINANCE AGREEMENT.

(B) AMOUNT OF CANCELLATION CHARGE.

A CANCELLATION CHARGE SHALL BE:

(1) WITH RESPECT TO PRIVATE PASSENGER AUTOMOBILE OR PERSONAL FIRE OR LIABILITY INSURANCE, EQUAL TO THE DIFFERENCE BETWEEN A DELINQUENCY AND COLLECTION CHARGE IMPOSED UNDER § 23-306 OF THIS SUBTITLE WITH RESPECT TO THE INSTALLMENT IN DEFAULT AND \$10; AND

(2) WITH RESPECT TO COMMERCIAL AUTOMOBILE, FIRE, OR LIABILITY INSURANCE, 5% OF THE INSTALLMENT, NOT TO EXCEED \$50.

(C) REINSTATEMENT CHARGE.

IF A NOTICE OF CANCELLATION IS WITHDRAWN BEFORE ITS EFFECTIVE DATE AND THE INSURANCE COVERAGE IS REINSTATED, THE PREMIUM FINANCE