

resulting from a delinquent installment; and generally relating to premium finance agreements.

BY repealing and reenacting, with amendments,

Article 48A – Insurance Code

Section 486F

Annotated Code of Maryland

(1986 Replacement Volume and 1990 Supplement)

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

Article 48A – Insurance Code

486F.

(a) A premium finance agreement may provide for the payment by the insured of a delinquency and collection charge on each installment in default for a period of not less than 5 days [in an amount of \$1 to a maximum not to exceed 5 percent of the installment or \$5, whichever is less, provided that only].

(B) A CHARGE MADE UNDER SUBSECTION (A) OF THIS SECTION SHALL BE IN AN AMOUNT OF \$1 TO A MAXIMUM OF 5% OF THE INSTALLMENT BUT SHALL NOT EXCEED:

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

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

(C) ONLY one delinquency and collection charge UNDER SUBSECTION (A) OF THIS SECTION may be collected on any installment regardless of the period during which it remains in [default; and if the] DEFAULT.

(D) IF A default results in the cancellation of any insurance contract listed in the agreement, the agreement may provide for the payment by the insured of a cancellation charge [equal to the difference between any delinquency and collection charge imposed in respect to the installment in default and \$10; provided, however, that should the cancellation notice be].

(E) A CHARGE MADE UNDER SUBSECTION (D) OF THIS SECTION SHALL BE:

(1) WITH RESPECT TO PRIVATE PASSENGER AUTOMOBILE, FIRE, OR LIABILITY INSURANCE, EQUAL TO THE DIFFERENCE BETWEEN ANY DELINQUENCY OR COLLECTION CHARGE IMPOSED IN RESPECT TO THE INSTALLMENT IN DEFAULT AND \$10; AND