

By Mr. Turkington of Falmouth (by request), petition of Thomas C. Kenney for legislation to prohibit interest and service charges on motor vehicle insurance installment payments. Insurance.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety-Five.

AN ACT PROHIBITING INTEREST AND SERVICE CHARGES ON MOTOR VEHICLE INSURANCE INSTALLMENT PAYMENTS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 113G of chapter 175 of the General
2 Laws, as appearing in the 1992 Official Edition, is hereby
3 amended by striking out in lines 11 to 21, inclusive, the
4 following: —

5 except in a bank or trust company under the supervision of the
6 commissioner of banks or a national banking association, whose
7 business includes the financing of payment of premiums on such
8 policies or bonds issued or executed by such company: provided,
9 that nothing herein shall prohibit an insurance agent of any such
10 company from financing the payment of premiums on any such
11 policy or bond issued or executed by such company, or prevent
12 any such company from carrying on the business authorized by
13 section one hundred and ninety-three B or prohibit any officer,
14 director or employee of such company from participating in the
15 carrying on of such business by such company in accordance with
16 said section.

1 SECTION 2. Said chapter 175 is hereby further amended by
2 striking out section 193B and inserting in place thereof the
3 following section: —

4 Section 193B. Insurance companies may accept payment of
5 motor vehicle insurance premiums in installments under plans

6 approved by the commissioner as equitable and non-discrimina-
7 tory, provided, however, no interest, service charges or other
8 charges may be added to the amount of the premium prior to such
9 premium being earned by the company.

1 SECTION 3. Said chapter 175 is hereby further amended by
2 striking out section 193B½ and inserting in place thereof the
3 following section: —

4 Section 193B½. On any policy of insurance issued under the
5 provisions of this chapter which is payable in installments, no
6 interest, service charges or other charges may be added to the
7 amount of the premium prior to such premium being earned by the
8 company.