

HOUSE No. 4585

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, June 12, 1997.

The committee on Insurance, to whom was referred the petition (accompanied by bill, House, No. 3236) of David T. Donnelly relative to insurance premium finance licensees, reports recommending that the accompanying bill (House, No. 4585) ought to pass.

For the committee,

NANCY FLAVIN.

The Commonwealth of Massachusetts

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

AN ACT RELATIVE TO INSURANCE PREMIUM FINANCE LICENSEES SUBJECT TO THE JURISDICTION OF THE DIVISION OF BANKS AND THE DIVISION OF INSURANCE.

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 1 of Chapter 255C of the General Laws, as
2 appearing in the 1994 Official Edition, is hereby amended by
3 inserting at line 16 after the word "order", the following:— and any
4 property and casualty insurance agent or broker, who provides pre-
5 mium financing only to his own customers for purposes of financing
6 the payment of premiums on contracts of insurance, which contracts
7 of insurance are exclusively limited to commercial policies.

1 SECTION 2. Section 2 of Chapter 255C of the General Laws, as
2 appearing in the 1994 Official Edition, is hereby amended by
3 striking out the section in its entirety and inserting in place thereof
4 the following section:—

5 Section 2. No person, except a credit union, a bank as defined in
6 section one of chapter one hundred and sixty-seven, a national
7 banking association, or a federal savings and loan association, a fed-
8 eral savings bank, a sales financing company as defined in section
9 one of chapter two hundred and fifty-five B, and a company licensed
10 to carry on business of making a small loans, shall engage in the
11 business of a premium finance agency unless licensed by the com-
12 missioner, as provided in section three; except that no property and
13 casualty insurance agent or broker, including an insurance agent or
14 insurance broker conducting an insurance premium financing agency
15 business under a subsidiary or different company name, who pro-
16 vides premium financing only to his own customers for purposes of
17 financing payment of premiums on contracts of insurance, which
18 contracts of insurance are exclusively limited to commercial insur-
19 ance policies, shall be required to be licensed pursuant to this section

20 or any other section of this chapter. Such license shall allow the
21 holder to maintain only one office from which said business may
22 be conducted, but more than one license may be issued to any
23 person. Any change of location of an office of a licensee shall
24 require the prior approval of the commissioner. Such request for
25 relocation shall be in writing setting forth the reason or reasons
26 for the request, and shall be accompanied by a relocation investi-
27 gation fee of fifty dollars. If an applicant has more than one
28 office, he may obtain a license for each office from which he
29 intends to conduct said business.

1 SECTION 3. Section 162B of Chapter 175 of the General Laws,
2 as appearing in the 1994 Official Edition, is hereby amended by
3 striking out the section in its entirety and inserting in place thereof
4 the following section:—

5 Section 162B. Insurance agents and brokers may accept payment
6 of insurance premiums in installments to be evidenced by notes or
7 other appropriate instruments running from the insured to the agent
8 or broker. Provided, however, that the payment of insurance pre-
9 miums in installments to be evidenced by notes or other appropriate
10 instruments running from the insured to the agent or broker, on con-
11 tracts of insurance, which contracts are exclusively limited to com-
12 mercial insurance policies, shall be made under rates, charges and
13 regulations established after public hearing, as equitable and nondis-
14 criminatory, by a board comprising the attorney general, the insur-
15 ance commissioner and the commissioner of banks. Each of said
16 members may designate an employee in his department, authorized
17 in each instance, to act as his representative on said board.

18 For the purposes of financing insurance premiums said subse-
19 quent sale or other negotiation of any such note or instrument to a
20 third party, insurance agent and brokers shall be considered to be
21 sellers of insurance.

The first part of the report deals with the general conditions of the country during the year. It is noted that the weather was generally favorable, with a moderate amount of rain and a few frosts. The crops were well advanced, and the stock raising season was successful. The people were generally content, and there was no serious trouble of any kind.

The second part of the report deals with the financial condition of the country. It is noted that the government has a large surplus, and that the people are generally well-to-do. The banks are well supplied with funds, and the currency is strong. The price of money is low, and the interest rate is moderate.

The third part of the report deals with the social condition of the country. It is noted that the people are generally well educated, and that there is a high degree of civilization. The schools are well attended, and the people are generally well behaved. There is no serious crime, and the law is generally respected.

The fourth part of the report deals with the political condition of the country. It is noted that the government is well organized, and that the people are generally well governed. The laws are well enforced, and the government is generally well liked. There is no serious opposition, and the people are generally well satisfied.

The fifth part of the report deals with the military condition of the country. It is noted that the army is well equipped, and that the people are generally well defended. The military is well trained, and the people are generally well protected. There is no serious war, and the people are generally well satisfied.

The sixth part of the report deals with the economic condition of the country. It is noted that the economy is well developed, and that the people are generally well provided for. The industry is well advanced, and the people are generally well employed. There is no serious poverty, and the people are generally well satisfied.

The seventh part of the report deals with the cultural condition of the country. It is noted that the culture is well advanced, and that the people are generally well educated. The arts are well developed, and the people are generally well cultured. There is no serious ignorance, and the people are generally well satisfied.

The eighth part of the report deals with the religious condition of the country. It is noted that the religion is well practiced, and that the people are generally well behaved. The churches are well attended, and the people are generally well moral. There is no serious immorality, and the people are generally well satisfied.

The ninth part of the report deals with the health condition of the country. It is noted that the health is well maintained, and that the people are generally well provided for. The medical profession is well advanced, and the people are generally well protected. There is no serious disease, and the people are generally well satisfied.

The tenth part of the report deals with the general condition of the country. It is noted that the country is well governed, and that the people are generally well satisfied. The laws are well enforced, and the government is generally well liked. There is no serious trouble of any kind, and the people are generally well satisfied.