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

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

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

Section 162B. Insurance agents and brokers may accept payment of insurance premiums in installments to be evidenced by notes or other appropriate instruments running from the insured to the agent or broker. Provided, however, that the payment of insurance premiums in installments to be evidenced by notes or other appropriate instruments running from the insured to the agent or broker, on contracts of insurance, which contracts are exclusively limited to commercial insurance policies, shall be made under rates, charges and regulations established after public hearing, as equitable and nondiscriminatory, by a board comprising the attorney general, the insurance commissioner and the commissioner of banks. Each of said members may designate an employee in his department, authorized in each instance, to act as his representative on said board.

For the purposes of financing insurance premiums said subsequent sale or other negotiation of any such note or instrument to a third party, insurance agent and brokers shall be considered to be sellers of insurance.