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## PREMIUM LOAN DELINQUENCY

House Bill 5030  
Sponsor: Rep. John Jamian  
Committee: Insurance

Complete to 12-1-93

### A SUMMARY OF HOUSE BILL 5030 AS INTRODUCED 9-21-93

Chapter 15 of the Insurance Code regulates insurance premium finance companies and specifies that a finance agreement can contain a delinquency charge on any installment in default for a period of 10 days or more. That delinquency charge could be from \$1 up to 5 percent of the delinquent installment, but not more than \$5. Under the bill, the \$5 delinquency charge limit would apply only to an insurance premium finance agreement that finances an insurance contract primarily for a personal, family, or household purpose.

(Under a premium finance agreement, an insured or prospective insured promises to pay back the premium payments advanced to an insurance company or agent by a licensed premium finance company plus a service charge. The code limits the service charge to \$12 per \$100 per year, plus an additional charge of \$18. However, if the balance due is less than \$100, the maximum service charge would be \$15 if the balance is paid in three monthly installments, and \$17 if paid in four or five monthly installments.)

MCL 500.1510

House Bill 5030 (12-1-93)