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TO: All Insurers, Nonprofit Health Service Plans, Health Maintenance Organizations, Fraternal Benefit Societies, Dental Plan Organizations, the Maryland Automobile Insurance Fund (“MAIF”), the Maryland Joint Insurance Association (“JIA”), Insurance Producers and Surplus Lines Brokers

RE: Acceptance by Insurers, Producers, and Surplus Lines Brokers of Credit Cards to Pay Insurance Premiums and the Collection of Credit Card Fees

This bulletin is being issued to address questions the Maryland Insurance Administration (“Administration”) has received regarding Bulletin 17-10.

The Administration’s position on the payment of premium by credit card is based on the laws prohibiting unfair discrimination in the terms or conditions of insurance for insureds having like risk characteristics.¹ Also, insurers may not accept a premium or charge that is greater or less than the applicable classification and rates filed with the Commissioner or specified by the policy.²

Rules for Acceptance of Credit Cards as Payment for Insurance Premiums

The Administration has previously stated that if an entity or person accepts premium payment by credit card, the service must be made available to all existing and prospective insureds. The Administration has received questions as to the meaning of “all existing and prospective insureds.” This requirement applies at the level of an insurance product.

¹ See §§ 27-208 and 27-212 of the Insurance Article, Annotated Code of Maryland.

² See § 27-216 of the Insurance Article.

If an entity or person accepts premium payments by credit card for a particular insurance product, the service must be made available to all existing and prospective insureds for that insurance product. An entity or person may elect to offer the option to make payment by credit card for (a) selected product(s), and not others it sells, as long as all existing and prospective insureds of a single product--whether issued electronically or by non-electronic means--are given the option to make payment by credit card.

In order to determine if insurance products are separate products, the Administration will consider factors such as whether the products have different policy forms or different rate filings with corresponding different underwriting guidelines, and any other relevant factors. Pursuant to § 27-208 of the Insurance Article, life and health products are determined at the policy level, so the Administration will consider whether the same policy form is being issued to the group of insureds.

Please direct any questions concerning this Bulletin to Mary Kwei, Associate Commissioner for Market Regulation and Professional Licensing at (410) 468-2113 or mary.kwei@maryland.gov.

Marie Grant
Acting Commissioner

Signature on file with original

By: _____
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