

CHAPTER 679.

(House Bill 790)

AN ACT to add a new section to Article 58A of the Annotated Code of Maryland (1939 Edition), title "Loans—Petty", said new section to be known as Section 16A, to follow immediately after Section 16 of said Article, relating to the insurance of property offered as security for loans and on the life of the borrower.

SECTION 1. *Be it enacted by the General Assembly of Maryland*, That a new section be and it is hereby added to Article 58A of the Annotated Code of Maryland (1939 Edition), title "Loans—Petty", said new section to be known as Section 16A, to follow immediately after Section 16 of said Article, and to read as follows:

16A. Licensees may require a borrower to insure tangible personal property except household goods, when offered as security for a loan under this Article, against any substantial risk or loss, damage or destruction. The amount of such insurance may not exceed a reasonable value of such property. The term of the policy and the conditions thereof shall be reasonable and appropriate considering the particular loan transaction. The licensee may be a co-insured or may be protected by a mortgagee clause to the extent of his interest. Licensees may require life insurance on the life of the borrower in an amount not to exceed the amount of the contract. Such insurance must be written by companies qualified to do business in this State at rates which do not exceed those fixed pursuant to law or by a current applicable manual of a recognized insurance rating bureau. Licensees may assist an applicant or act with the applicant in forwarding such applications to a broker or agent and may receive and transmit premiums on such insurance on behalf of the borrower. Neither the licensee, nor any officer, or employee of a licensee may receive, either directly or indirectly, any commission or similar compensation in connection with the writing or placing or servicing of such insurance.

SEC. 2. *And be it further enacted*, That this Act shall take effect June 1, 1943.

Approved May 7, 1943.