Public Law 89-403

April 18, 1966
[H. R. 8466]

AN ACT

To amend the Fire and Casualty Act to provide for the licensing and regulation of insurance premium finance companies in the District of Columbia.

D.C. insurance premium finance companies.
Licensing and regulation.
54 Stat. 1063.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Fire and Casualty Act (D.C. Code, secs. 35–1301—35–1350) is amended by adding at the end thereof the following new chapter:

"CHAPTER III—INSURANCE PREMIUM FINANCE COMPANIES

"SEC. 51. APPLICATION.—The provisions of this chapter shall not apply with respect to (A) any insurance company licensed to do business in the District, (B) any banking institution, trust, loan, mortgage, safe deposit, or title company, building association, credit union, moneylenders, or common trust fund authorized to do business in the District, (C) the inclusion of a charge for insurance in connection with an installment sale of a motor vehicle made in accordance with the Act of April 22, 1960 (D.C. Code, secs. 40–901—40–910), or (D) the financing of insurance premiums in the District in accordance with the provisions of sections 28–3301 and 28–3302 of the District of Columbia Code relating to rates of interest.

74 Stat. 69.

78 Stat. 675.

"SEC. 52. DEFINITIONS.—For the purposes of this chapter—

"(1) The term 'insurance premium finance company' means a person engaged in the business of entering into insurance premium finance agreements.

"(2) The term 'premium finance agreement' means an agreement by which an insured or prospective insured promises to pay to a premium finance company the amount advanced or to be advanced under the agreement to an insurer or to an insurance agent or broker in payment of premiums on an insurance contract together with a service charge as authorized and limited by this chapter.

"(3) The term 'licensee' means a premium finance company holding a license issued by the Superintendent under this chapter.

"SEC. 53. LICENSES.—(a) No person shall engage in the business of financing insurance premiums in the District without first having obtained a license as a premium finance company from the Superintendent. Any person who shall engage in the business of financing insurance premiums in the District without obtaining a license as provided hereunder shall, upon conviction in the District of Columbia Court of General Sessions, be guilty of a misdemeanor and shall be subject to the penalties provided in section 43 of this Act.

54 Stat. 1082.
D.C. Code 35-1347.
License fee.

"(b) The annual license fee shall be $50. Licenses may be renewed from year to year as of the first day of May of each year upon payment of the fee of $50. The fee for said license shall be paid through the Superintendent to the District of Columbia Treasurer.

"(c) The person to whom the license or the renewal thereof may be issued shall file sworn answers, subject to the penalties of perjury, to such interrogatories as the Superintendent may require. The Superintendent shall have authority, at any time, to require the applicant fully to disclose the identity of all stockholders, partners, officers, and employees and he may, in his discretion, refuse to issue or renew a license in the name of any firm, partnership, or corporation if he is not satisfied that any officer, employee, stockholder, or partner thereof who may materially influence the applicant's conduct meets the standards of this chapter.

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"SEC. 54. ACTION BY SUPERINTENDENT ON APPLICATION.—(a) Upon the filing of an application and the payment of the license fee the Superintendent shall make an investigation of each applicant and shall issue a license if the applicant is qualified in accordance with this chapter. If the Superintendent does not so find, he shall, within thirty days after he has received such application, at the request of the applicant, give the applicant a full hearing. Hearing.

"(b) The Superintendent shall issue or renew a license as may be applied for when he is satisfied that the person to be licensed— License issuance or renewal, provisions.

"(1) is competent and trustworthy and intends to act in good faith in the capacity involved by the license applied for,

"(2) has a good business reputation and has had experience, training, or education so as to be qualified in the business for which the license is applied for, and

"(3) if a corporation, is a corporation incorporated under the laws of the District or a foreign corporation authorized to transact business in the District.

"SEC. 55. REVOCATION AND SUSPENSION OF LICENSES.—(a) The Superintendent may revoke or suspend the license of any premium finance company when and if after investigation it appears to the Superintendent that—

"(1) any license issued to such company was obtained by fraud,

"(2) there was any misrepresentation in the application for the license,

"(3) the holder of such license has otherwise shown himself untrustworthy or incompetent to act as a premium finance company,

"(4) such company has violated any of the provisions of this chapter, or

"(5) such company has been rebating part of the service charge as allowed and permitted herein to any insurance agent or any employee of an insurance agent or to any other person as an inducement to the financing of any insurance policy with the premium finance company.

"(b) Before the Superintendent shall revoke, suspend, or refuse to renew the license of any premium finance company, he shall give to such person an opportunity to be fully heard and to introduce evidence in his behalf. In lieu of revoking or suspending the license for any of the causes enumerated in this section, after hearing as herein provided, the Superintendent may subject such company to a penalty of not more than $200 for each offense when in his judgment he finds that the public interest would not be harmed by the continued operation of such company. The amount of any such penalty shall be paid by such company through the office of the Superintendent to the District of Columbia Treasurer. At any hearing provided by this section, the Superintendent shall have authority to administer oaths to witnesses. Anyone testifying falsely, after having been administered such oath, shall be subject to the penalty of perjury. Hearing. Penalty.

"(c) If the Superintendent refuses to issue or renew any license or if any applicant or licensee is aggrieved by any action of the Superintendent, said applicant or licensee shall have the right to a hearing and court proceeding as provided for in sections 35, 44, and 45 of this Act. 72 Stat. 25; 54 Stat. 1082. D.C. Code 35-1339; 35-1348, 35-1349.

"SEC. 56. BOOKS AND RECORD.—(a) Every licensee shall maintain records of its premium finance transactions and the said records shall be open to examination and investigation by the Superintendent. The Superintendent may at any time require any licensee to bring such records as he may direct to the Superintendent's office for examination.

"(b) Every licensee shall preserve its records of such premium finance transactions, including cards used in a card system, or at least three years after making the final entry in respect to any premium finance agreement. The preservation of records in photographic form shall constitute compliance with this requirement.

"SEC. 57. POWER TO MAKE RULES.—The Superintendent shall have authority to make and enforce such reasonable rules and regulations as may be necessary in making effective the provisions of this chapter, but such rules and regulations shall not be contrary to nor inconsistent with the provisions of this chapter.

"SEC. 58. FORM OF PREMIUM FINANCE AGREEMENT.—(a) A premium finance agreement shall—

"(1) be dated, signed by or on behalf of the insured, and the printed portion thereof shall be in at least eight-point type,

"(2) contain the name and place of business of the insurance agent negotiating the related insurance contract, the name and residence or the place of business of the premium finance company to which payments are to be made, a description of the insurance contracts involved and the amount of the premium therefor; and

"(3) set forth the following items where applicable:

"(A) the total amount of the premiums,

"(B) the amount of the downpayment,

"(C) the principal balance (the difference between items (A) and (B)),

"(D) the amount of the service charge,

"(E) the balance payable by the insured (sum of items (C) and (D)), and

"(F) the number of installments required, the amount of each installment expressed in dollars, and the due date or period thereof.

"(b) The items set out in clause (3) of subsection (a) need not be stated in the sequence or order in which they appear in such clause, and additional items may be included to explain the computations made in determining the amount to be paid by the insured.

"SEC. 59. MAXIMUM SERVICE CHARGE.—(a) A premium finance company shall not charge, contract for, receive, or collect a service charge other than as permitted by this chapter.

Computation.

"(b) The service charge is to be computed on the balance of the premiums due (after subtracting the downpayment made by the insured in accordance with the premium finance agreement) from the effective date of the insurance coverage, for which the premiums are being advanced, to and including the date when the final installment of the premium finance agreement is payable.

Amount.

"(c) The service charge shall be a maximum of $6 per $100 per year plus an additional charge of $10 per premium finance contract which need not be refunded upon cancellation or prepayment.

"SEC. 60. DELINQUENCY CHARGES.—A premium finance agreement may provide for the payment by the insured of a delinquency charge of $1 to a maximum of 5 per centum of the delinquent installment but not to exceed $5 on any installment which is in default for a period of five days or more.

"SEC. 61. CANCELLATION OF INSURANCE CONTRACT UPON DEFAULT.—(a) When a premium finance agreement contains a power of attorney enabling the premium finance company to cancel any insurance contract or contracts listed in the agreement, the insurance contract or contracts shall not be canceled by the premium finance company unless such cancellation is effectuated in accordance with this section.

"(b) Not less than ten days' written notice shall be mailed to the insured of the intent of the premium finance company to cancel the insurance contract unless the default is cured within such ten-day period. Cancellation notice.

"(c) After expiration of such ten-day period, the premium finance company may thereafter request in the name of the insured, cancellation of such insurance contract or contracts by mailing to the insurer a notice of cancellation, and the insurance contract shall be canceled as if such notice of cancellation had been submitted by the insured himself, but without requiring the return of the insurance contract or contracts. The premium finance company shall also mail a notice of cancellation to the insured at his last known address.

"(d) All statutory, regulatory, and contractual restrictions providing that the insurance contract may not be canceled unless notice is given to a governmental agency, mortgagee, or other third party shall apply where cancellation is effected under the provisions of this section. The insurer shall give the prescribed notice in behalf of itself or the insured to any governmental agency, mortgagee, or other third party on or before the second business day after the day it receives the notice of cancellation from the premium finance company and shall determine the effective date of cancellation taking into consideration the number of days notice required to complete the cancellation.

"(e) Whenever an insurance contract is cancelled in accordance with this section, the insurer shall return whatever gross unearned premiums are due under the insurance contract to the premium finance company effecting the cancellation for the account of the insured or insureds. Return of premiums.

"(f) In the event that the crediting of return premiums to the account of the insured results in a surplus over the amount due from the insured, the premium finance company shall refund such excess to the insured provided that no such refund shall be required if it amounts to less than $1. Refund.

"SEC. 62. EXEMPTION FROM ANY FILING REQUIREMENT.—No filing of the premium finance agreement shall be necessary to perfect the validity of such agreement as a secured transaction as against creditors, subsequent purchasers, pledgees, encumbrances, successors, or assigns."

SEC. 2. The amendments made by this Act shall take effect on the sixtieth day after the date of enactment. Effective date.

Approved April 18, 1966.

Public Law 89-404

AN ACT

To promote a more adequate national program of water research.

April 19, 1966
[S. 22]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 200 of the Water Resources Research Act of 1964 (78 Stat. 331, 42 U.S.C. 1961b) is hereby amended to read as follows: Water research program.

"SEC. 200. (a) There are authorized to be appropriated to the Secretary of the Interior $5,000,000 for the fiscal year 1967, $6,000,000 for the fiscal year 1968, $7,000,000 for the fiscal year 1969, $8,000,000 for the fiscal year 1970, $9,000,000 for the fiscal year 1971, and $10,000,000 for each of the fiscal years 1972–1976, inclusive, from which appropriations the Secretary may make grants to and finance contracts and Appropriations.