

## **Chapter 120-2-21**

### **INSURANCE PREMIUM FINANCE COMPANIES**

#### **120-2-21-.01 Authority**

This Chapter is promulgated by the Commissioner of Insurance pursuant to the authority set forth in O.C.G.A. §§ 33-2-9 and 33-22-1 et seq.

Authority.-- O.C.G.A. §§ 33-2-9 and 33-22-1 et seq.

#### **120-2-21-.02 Application for original and renewal license**

(1) Each application for an original license as an Insurance Premium Finance Company shall be made on Form GID-21, entitled "Application for License as an Insurance Premium Finance Company," fees shall be remitted in accordance with O.C.G.A. § 33-8-1.

(2) Each application for a renewal as an Insurance Premium Finance Company shall be made prior to March 1 of each year on Form GID-22, entitled "Application for Renewal License as an Insurance Premium Finance Company," fees shall be remitted in accordance with O.C.G.A. § 33-8-1.

Authority.-- O.C.G.A. §§ 33-2-9, 33-8-1 and 33-22-1 et seq.

#### **120-2-21-.03 Licenses and application procedures**

(1) Each application for an original license as an Insurance Premium Finance Company shall be accompanied by a Form GID-23, entitled "Biographical Questionnaire and Affidavit." A separate form shall be completed and executed:

(a) in the case of a sole proprietor, by the sole proprietor;

(b) in the case of a partnership, by each partner; or

(c) in the case of a corporation, by each officer, director, and owner of more than 10% of the outstanding shares of stock.

(2) Biographical Questionnaires need not be filed with an application for renewal of a license unless changes have taken place in the business organization involving individuals who have not previously filed such questionnaire.

(3) Each individual listed in section 1 above shall submit one copy of an investigative background report. The reports should be submitted directly to this office from the investigative firm.

(4) Each licensee shall deposit with the Commissioner a bond in the amount of \$25,000 or securities in the amount of \$25,000. The bond must be submitted on Form GID-28, "Insurance Premium Finance Company's Bond." Prior to cancellation or termination of a bond, 30 days written notice must be filed with the Commissioner of Insurance.

(5) If such licensee chooses to deposit securities, as opposed to a bond, with the Commissioner under the provisions of subsection (4) above:

(a) A licensee may invest in assets deemed eligible for deposit under O.C.G.A. § 33-12-3 and as described in O.C.G.A. § 33-11-5(3).

(b) Such license shall also file necessary documents as required by the custodian bank for state security deposits.

Authority.-- O.C.G.A. §§ 33-2-9 and 33-22-1 et seq.

#### **120-2-21-.04 Termination and transfer of licenses**

(1) Death of a proprietor shall terminate the license; provided, however, that if notice of such death is furnished to the Commissioner and the Commissioner is satisfied, by examination or otherwise, that the interests of insureds and insurers have been adequately protected, he may issue a temporary license:

(a) To the executor or administrator of the estate of a deceased proprietor;

(b) To a surviving next of kin of such deceased proprietor if no administrator or executor has been appointed or qualified, but any such license issued shall be revoked upon issuance of a license to an administrator or executor under subsection (1)(a) of this section.

(2) Death or withdrawal of a partner shall suspend the license if the licensee is a partnership; provided, however, that if notice of such death or withdrawal is provided to the Commissioner within 30 days of the event and the Commissioner is satisfied by examination or otherwise, that the interests of insureds and insurers have been adequately protected, he may reinstate the suspended license.

(3) Licenses are not transferable, except that the withdrawal of a partner from a licensed partnership or the admission of a new partner shall not require a new license for the new partnership provided that the new partnership complies with § 120-2-21-.04.

(4) When a partner retires from a licensed partnership or a new partner is admitted, or when a person ceases to be an officer, director, or 10% stockholder of a licensed corporation or a person becomes an officer, director or 10% stockholder of a licensed corporation, the Commissioner shall, within ten (10) days after the event, be advised of the facts in detail by letter. The letter shall be accompanied by a duly completed Biographical Questionnaire (on Form GID-23) of any new partner or any new officer, director or 10% stockholder. Each licensee shall supply such additional information as the Commissioner may request.

Authority.-- O.C.G.A. §§ 33-2-9 and 33-22-1 et seq.

#### **120-2-21-.05 Separation and preservation of records**

(1) If the licensee engages in any other business, the records relating to the insurance premium finance business shall be kept separate from the records of any other business.

(2) Every licensee shall preserve every premium finance contract and all documents relating thereto (and copies of all documents delivered to an insured) for at least three years after making the final entry in respect to any premium finance agreement.

(3) The Commissioner may, at any time, require any licensee to bring such records as he may direct to the Commissioner's Office for examination, or the Commissioner or his duly authorized representative may conduct an examination of such records on the premises of the licensee.

Authority.-- O.C.G.A. §§ 33-2-9 and 33-22-1 et seq.

#### **120-2-21-.06 Notice to the insurer**

Any licensee which enters into a premium finance agreement shall notify the insurer of the existence of such agreement within twenty (20) days of the date such agreement is signed.

Authority.-- O.C.G.A. §§ 33-2-9 and 33-22-1 et seq.

#### **120-2-21-.07 Description of insurance contracts where policy information is not immediately known**

(1) In case of an application to the Georgia Automobile Insurance Plan where the policy information is not immediately available, the Premium Finance Contract shall show "Georgia Automobile Insurance Plan and all descriptive information pertaining to the policy which is known.

(2) In other instances where complete policy information is not immediately available, the Premium Finance Contract shall show all descriptive information pertaining to the policy which is known.

Authority.-- O.C.G.A. §§ 33-2-9 and 33-22-1 et seq.

#### **120-2-21-.08 Penalties**

Any person failing to comply with the requirements of this Regulation Chapter shall be subject to such penalties as may be appropriate under the insurance laws of this State.

Authority.-- O.C.G.A. § 33-2-9.

#### **120-2-21-.09 Severability**

If any provision of this Regulation Chapter, or the application thereof to any person or circumstance, is held invalid by a court of competent jurisdiction, the remainder of the Regulation Chapter or the applicability of such provision to other persons or circumstances shall not be affected.

Authority.-- O.C.G.A. § 33-2-9.

## **SYNOPSIS OF REQUIREMENTS TO FORM AN INSURANCE PREMIUM FINANCE COMPANY**

There are two kinds of Premium Finance Company Licenses being issued, Full Powers and Limited Powers.

A Full Powers license authorizes the holder to engage in Premium Finance contract or business written by any agent. For a Full Powers license, the Form GID-40, Convenience and Advantage Documentation must be completed in addition to all other required forms.

A Limited Powers license authorizes the agent to enter into Premium Finance contracts only on policies written by or through such agent or agency if the agent or agency wishes to charge, receive, or collect the service charges, fees etc. permitted under Chapter 22 of the Georgia Insurance Code. For a Limited Powers license the Form GID-40 will not be necessary. All other forms should complete.

In addition to the attached forms, please provide the following:

- (1) Filing fee for Limited Powers, \$300.00 or Full Powers, \$500.00.
- (2) Copy of Chapter and Articles of Incorporation.
- (3) Certified Financial Statements.
- (4) Two copies of proposed Premium Finance agreement form, which shall be in compliance with O.C.G.A. § 33-22-8.
- (5) Letter stating that you wish to be licensed to finance premiums produced by your agency only if applicable (Name finance company and agency in letter).
- (6) Georgia agents license number for each officer/manager of the applicant.
- (7) Provide an Investigative Background Report, supplied by an outside agency, directly to the department. The report must include 10 years of data with specific review of all local, state and federal courts in areas where the individual has resided. Furthermore, the report should contain a credit report on the individual.

Please do not hesitate to contact Tammy Brewster at (404) 656-7556 if there are any further questions.

Enclosed Forms:

GID-21	Application for a license as an Insurance Premium Finance Company
GID-23	Biographical Questionnaire for Premium Finance Companies
GID-53	Release of Information
GID-28	Insurance Premium Finance Company Bond
GID-40	Insurance Premium Finance Company Convenience and Advantage Documentation