

HOUSE BILL 1085

C3, C4
HB 236/08 – HGO

11r2455
CF 11r2498

By: **Delegates Pena–Melnyk, Braveboy, Frank, Frick, Frush, Hubbard,
A. Kelly, Kipke, Mizeur, Nathan–Pulliam, Oaks, and V. Turner**

Introduced and read first time: February 11, 2011

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Life or Health Insurance Policies and Annuity Contracts – Discretionary**
3 **Clauses – Prohibition**

4 FOR the purpose of prohibiting the use of certain clauses in certain life or health
5 insurance policies or annuity contracts; providing that certain clauses in certain
6 insurance policies or annuity contracts are void and unenforceable; defining a
7 certain term; and generally relating to life or health insurance policies and
8 annuity contracts.

9 BY adding to
10 Article – Health – General
11 Section 19–706(kkkk)
12 Annotated Code of Maryland
13 (2009 Replacement Volume and 2010 Supplement)

14 BY adding to
15 Article – Insurance
16 Section 12–211
17 Annotated Code of Maryland
18 (2003 Replacement Volume and 2010 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article – Health – General**

22 19–706.

23 **(KKKK) THE PROVISIONS OF § 12–211 OF THE INSURANCE ARTICLE**
24 **APPLY TO HEALTH MAINTENANCE ORGANIZATIONS.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **Article – Insurance**2 **12-211.**3 **(A) IN THIS SECTION, “CARRIER” MEANS:**4 **(1) AN INSURER;**5 **(2) A NONPROFIT HEALTH SERVICE PLAN; OR**6 **(3) A HEALTH MAINTENANCE ORGANIZATION.**

7 **(B) A LIFE INSURANCE OR HEALTH INSURANCE POLICY OR ANNUITY**
8 **CONTRACT MAY NOT BE SOLD, DELIVERED, OR ISSUED FOR DELIVERY IN THE**
9 **STATE IF THE POLICY OR CONTRACT CONTAINS A CLAUSE THAT PURPORTS TO**
10 **RESERVE DISCRETION TO THE CARRIER TO INTERPRET THE TERMS OF THE**
11 **POLICY OR CONTRACT OR TO PROVIDE STANDARDS OF INTERPRETATION OR**
12 **REVIEW.**

13 **(C) A CLAUSE IN A LIFE INSURANCE OR HEALTH INSURANCE POLICY OR**
14 **ANNUITY CONTRACT THAT PURPORTS TO RESERVE DISCRETION TO THE**
15 **CARRIER TO INTERPRET THE TERMS OF THE POLICY OR CONTRACT OR TO**
16 **PROVIDE STANDARDS OF INTERPRETATION OR REVIEW IS VOID AND**
17 **UNENFORCEABLE.**

18 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect**
19 **October 1, 2011.**