

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

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 21, 2011

CHAPTER _____

1 AN ACT concerning

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

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 ~~Article Health General~~

2 ~~19-706.~~

3 ~~(KKKK) THE PROVISIONS OF § 12-211 OF THE INSURANCE ARTICLE~~
4 ~~APPLY TO HEALTH MAINTENANCE ORGANIZATIONS.~~

5 Article - Insurance

6 12-211.

7 (A) IN THIS SECTION, "CARRIER" MEANS:

8 (1) AN INSURER; OR

9 (2) A NONPROFIT HEALTH SERVICE PLAN; ~~OR~~

10 ~~(3) A HEALTH MAINTENANCE ORGANIZATION.~~

11 (B) ~~A LIFE INSURANCE OR HEALTH~~ DISABILITY INSURANCE POLICY OR
12 ANNUITY CONTRACT MAY NOT BE SOLD, DELIVERED, OR ISSUED FOR DELIVERY
13 IN THE STATE BY A CARRIER IF THE POLICY OR CONTRACT CONTAINS A CLAUSE
14 THAT PURPORTS TO RESERVE SOLE DISCRETION TO THE CARRIER TO
15 INTERPRET THE TERMS OF THE POLICY ~~OR CONTRACT~~ OR TO PROVIDE
16 STANDARDS OF INTERPRETATION OR REVIEW THAT ARE INCONSISTENT WITH
17 THE LAWS OF THE STATE.

18 ~~(C) A CLAUSE IN A LIFE INSURANCE OR HEALTH INSURANCE POLICY OR~~
19 ~~ANNUITY CONTRACT THAT PURPORTS TO RESERVE DISCRETION TO THE~~
20 ~~CARRIER TO INTERPRET THE TERMS OF THE POLICY OR CONTRACT OR TO~~
21 ~~PROVIDE STANDARDS OF INTERPRETATION OR REVIEW IS VOID AND~~
22 ~~UNENFORCEABLE.~~

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to
24 disability insurance policies sold, delivered, issued for delivery, or renewed in the
25 State on or after October 1, 2011.

26 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
27 effect October 1, 2011.