

## CHAPTER 9

(Senate Bill 8)

AN ACT concerning

### **Insurance – Unfair and Deceptive Practices – Limit on Offer, Promise, or Gift of Valuable Consideration Not Specified in a Contract or Policy**

FOR the purpose of altering the limit on the value of certain items that an insurer may offer, promise, or give that is not specified in ~~a certain contract~~ certain contracts or policies; and generally relating to insurance and unfair and deceptive practices.

BY repealing and reenacting, without amendments,  
Article – Insurance  
Section 27–201  
Annotated Code of Maryland  
(2006 Replacement Volume and 2008 Supplement)

BY repealing and reenacting, with amendments,  
Article – Insurance  
Section 27–209 and 27–212  
Annotated Code of Maryland  
(2006 Replacement Volume and 2008 Supplement)

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

#### **Article – Insurance**

27–201.

The commission of an act prohibited under this subtitle is defined as an unfair method of competition and an unfair and deceptive act or practice in the business of insurance.

27–209.

Except as otherwise expressly provided by law, a person may not knowingly:

(1) allow, make, or offer to make a contract of life insurance or health insurance or an annuity contract or an agreement as to the contract other than as plainly expressed in the contract;

(2) pay, allow, give, or offer to pay, allow, or give directly or indirectly as an inducement to the insurance or annuity:

- (i) a rebate of premiums payable on the contract;
- (ii) a special favor or advantage in the dividends or other benefits under the contract;
- (iii) paid employment or a contract for services of any kind; or
- (iv) any valuable consideration or other inducement not specified in the contract;

(3) directly or indirectly give, sell, purchase, offer or agree to give, sell, or purchase, or allow as inducement to the insurance or annuity or in connection with the insurance or annuity, regardless of whether specified in the policy or contract, an agreement that promises returns and profits, or stocks, bonds, or other securities, or a present or contingent interest in or measured by stocks, bonds, or other securities, of an insurer or other corporation, association, or partnership, or dividends or profits accrued or to accrue on stocks, bonds, or other securities; or

(4) offer, promise, or give any valuable consideration not specified in the contract, except for educational materials, promotional materials, or articles of merchandise that cost ~~less than~~ **[\$10] NO MORE THAN \$25**, regardless of whether a policy is purchased.

27-212.

(a) This section does not apply to life insurance, health insurance, and annuities.

(b) Except to the extent provided for in an applicable filing with the Commissioner as provided by law, an insurer, employee or representative of an insurer or insurance producer may not pay, allow, give, or offer to pay, allow, or give directly or indirectly as an inducement to insurance or after insurance has become effective:

(1) a rebate, discount, abatement, credit, or reduction of the premium stated in the policy;

(2) a special favor or advantage in the dividends or other benefits to accrue on the policy; or

(3) any valuable consideration or other inducement not specified in the policy.

(c) An insured named in a policy or an employee of the insured may not knowingly receive or accept directly or indirectly a rebate, discount, abatement, credit, reduction of premium, special favor, advantage, valuable consideration, or inducement described in subsection (b) of this section.

(d) Except as otherwise provided by law, a person may not knowingly offer, promise, or give any valuable consideration not specified in the policy, except for educational materials, promotional materials, or articles of merchandise that cost [less than \$10] NO MORE THAN \$25, regardless of whether a policy is purchased.

(e) (1) An insurer may not make or allow unfair discrimination between insureds or properties having like insuring or risk characteristics in:

- (i) the premium or rates charged for insurance;
- (ii) the dividends or other benefits payable on the insurance; or
- (iii) any of the other terms or conditions of the insurance.

(2) Notwithstanding any other provision of this section, an insurer may not make or allow a differential in ratings, premium payments, or dividends for a reason based on the sex, physical handicap, or disability of an applicant or policyholder unless there is actuarial justification for the differential.

(f) This section does not prohibit an insurer from:

(1) paying commissions or other compensation to licensed insurance producers; or

(2) allowing or returning to its participating policyholders, members, or subscribers lawful dividends, savings, or unabsorbed premium deposits.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2009.

**Approved by the Governor, April 14, 2009.**