

# HOUSE BILL 496

C4

11r1692  
CF SB 255

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By: **Delegates A. Kelly, Hammen, and Pendergrass**

Introduced and read first time: February 7, 2011

Assigned to: Health and Government Operations

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 2, 2011

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Life Insurance – Definition and Permitted Riders and Provisions**

3 FOR the purpose of expanding the definition of “life insurance” to include certain  
4 benefits; authorizing a policy of life insurance to include a certain rider or  
5 supplemental policy provision; requiring the Maryland Insurance  
6 Administration to conduct a certain analysis and make a certain determination;  
7 requiring the Administration to report on certain findings to certain committees  
8 of the General Assembly on or before a certain date; and generally relating to  
9 life insurance.

10 BY repealing and reenacting, with amendments,  
11 Article – Insurance  
12 Section 1–101(x)  
13 Annotated Code of Maryland  
14 (2003 Replacement Volume and 2010 Supplement)

15 BY adding to  
16 Article – Insurance  
17 Section 16–218  
18 Annotated Code of Maryland  
19 (2006 Replacement Volume and 2010 Supplement)

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

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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.



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**Article – Insurance**

2 1–101.

3 (x) (1) “Life insurance” means insurance for which the probabilities of the  
4 duration of human life or the rate of mortality are an element or condition of the  
5 insurance.

6 (2) “Life insurance” includes the granting of:

7 (i) endowment benefits;

8 (ii) additional benefits in the event of death by accident or  
9 accidental means;

10 (iii) additional disability benefits in the event of dismemberment  
11 or loss of sight;

12 (iv) additional disability benefits that operate to safeguard the  
13 contract from lapse or to provide a special surrender value, special benefit, or annuity  
14 in the event of total and permanent disability;

15 (v) benefits that provide payment or reimbursement for  
16 long-term home health care, or long-term care in a nursing home or other related  
17 institution;

18 (vi) burial insurance; [and]

19 (vii) optional modes of settlement of proceeds of life insurance;

20 **(VIII) ADDITIONAL BENEFITS FOR A SECOND OPINION FOR**  
21 **SPECIFIED HEALTH CONDITIONS; AND**

22 **(IX) ADDITIONAL BENEFITS THAT PROVIDE A LUMP-SUM**  
23 **BENEFIT FOR A SPECIFIED DISEASE AND THAT MEET THE REQUIREMENTS**  
24 **ESTABLISHED BY THE COMMISSIONER UNDER § 15–109 OF THIS ARTICLE.**

25 (3) “Life insurance” does not include workers’ compensation insurance.

26 **16–218.**

27 **A POLICY OF LIFE INSURANCE MAY INCLUDE A RIDER OR SUPPLEMENTAL**  
28 **POLICY PROVISION THAT OPERATES TO SAFEGUARD THE CONTRACT FROM**  
29 **LAPSE IN THE EVENT OF INVOLUNTARY UNEMPLOYMENT.**

30 SECTION 2. AND BE IT FURTHER ENACTED, That the Maryland Insurance  
31 Administration shall:

1           (1)    in consultation with the life insurance industry, conduct an  
2 analysis of the appropriate scope of health insurance products that may be sold in  
3 conjunction with a life insurance policy in light of the expansion of the definition of  
4 “life insurance” under Section 1 of this Act and determine any necessary legislative  
5 changes; and

6           (2)    on or before December 1, 2011, report on its findings under this  
7 section to the Senate Finance Committee and the House Health and Government  
8 Operations Committee in accordance with § 2–1246 of the State Government Article.

9           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
10 October 1, 2011.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.