

## Chapter 42

(House Bill 496)

AN ACT concerning

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

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

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

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

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

### **Article – Insurance**

1–101.

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

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

- (i) endowment benefits;
- (ii) additional benefits in the event of death by accident or accidental means;

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

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

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

(vi) burial insurance; [and]

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

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

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

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

**16-218.**

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

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

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

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

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

**Approved by the Governor, April 12, 2011.**