

# SENATE BILL 736

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3lr2568  
CF 3lr2579

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By: **Senator Astle**

Introduced and read first time: February 1, 2013

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Fraudulent Insurance Acts – Compensation for Deductible**

3 FOR the purpose of providing that it is a fraudulent insurance act for a person to pay  
4 or otherwise compensate, or offer or promise to pay or compensate, an insured  
5 for all or part of a certain insurance deductible as an inducement to enter into a  
6 contract to furnish goods or services; providing certain penalties for a violation  
7 of certain provisions of this Act; and generally relating to fraudulent insurance  
8 acts.

9 BY adding to

10 Article – Insurance  
11 Section 27–407.2  
12 Annotated Code of Maryland  
13 (2011 Replacement Volume and 2012 Supplement)

14 BY repealing and reenacting, with amendments,

15 Article – Insurance  
16 Section 27–408(a)  
17 Annotated Code of Maryland  
18 (2011 Replacement Volume and 2012 Supplement)

19 BY repealing and reenacting, without amendments,

20 Article – Insurance  
21 Section 27–408(b)  
22 Annotated Code of Maryland  
23 (2011 Replacement Volume and 2012 Supplement)

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

26 **Article – Insurance**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **27-407.2.**

2 **IT IS A FRAUDULENT INSURANCE ACT FOR A PERSON TO PAY OR**  
3 **OTHERWISE COMPENSATE, DIRECTLY OR INDIRECTLY, OR OFFER OR PROMISE**  
4 **TO PAY OR COMPENSATE, AN INSURED FOR ALL OR PART OF AN INSURANCE**  
5 **DEDUCTIBLE PROVIDED UNDER THE POLICY AS AN INDUCEMENT TO ENTER**  
6 **INTO A CONTRACT TO FURNISH GOODS OR SERVICES.**

## 7 27-408.

8 (a) (1) A person that violates § 27-407 of this subtitle, or another  
9 provision of this subtitle in which the claim or act that is the subject of the fraud has a  
10 value of \$300 or more is guilty of a felony and on conviction, for each violation, is  
11 subject to:

12 (i) liability for restoring to the victim the property taken or the  
13 value of the property taken; and

14 (ii) 1. for a violation of any provision of § 27-403 of this  
15 subtitle, a fine, the maximum of which is the greater of three times the value of the  
16 claim or act that is the subject of the fraud and \$10,000 and the minimum of which is  
17 \$500, or imprisonment not exceeding 15 years or both; and

18 2. for a violation of any provision of § 27-404, § 27-405,  
19 § 27-406, § 27-406.1, § 27-407, [or] § 27-407.1, **OR § 27-407.2** of this subtitle, a fine  
20 not exceeding \$10,000 or imprisonment not exceeding 15 years or both.

21 (2) A person that violates a provision of this subtitle in which the  
22 claim or act that is the subject of the fraud has a value of less than \$300 is guilty of a  
23 misdemeanor and on conviction, for each violation, is subject to:

24 (i) liability for restoring to the victim the property taken or the  
25 value of the property taken; and

26 (ii) 1. for a violation of any provision of § 27-403 of this  
27 subtitle, a fine, the maximum of which is the greater of three times the value of the  
28 claim or act that is the subject of the fraud and \$10,000 and the minimum of which is  
29 \$500, or imprisonment not exceeding 18 months or both; and

30 2. for a violation of any provision of § 27-404, § 27-405,  
31 § 27-406, § 27-406.1, § 27-407, [or] § 27-407.1, **OR § 27-407.2** of this subtitle, a fine  
32 not exceeding \$10,000 or imprisonment not exceeding 18 months or both.

1           (b) (1) The penalties imposed under this section may be imposed  
2 separately from and consecutively to or concurrently with a sentence for another  
3 offense based on the act that constitutes a violation of this subtitle.

4           (2) Each act of solicitation under § 27–407 of this subtitle constitutes a  
5 separate violation for purposes of the penalties imposed under this section.

6           (3) Notwithstanding any other provision of law, a fine imposed under  
7 subsection (a) of this section is mandatory and not subject to suspension.

8           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
9 October 1, 2013.