

# SENATE BILL 736

C4

3lr2568  
CF HB 763

---

By: **Senator Astle**

Introduced and read first time: February 1, 2013

Assigned to: Finance

---

Committee Report: Favorable

Senate action: Adopted

Read second time: March 5, 2013

---

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

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

---

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.



(2011 Replacement Volume and 2012 Supplement)

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

**Article – Insurance**

**27–407.2.**

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

27–408.

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

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

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

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

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

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

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

