

HOUSE BILL 1083

C4, C3

8lr3066
CF SB 673

By: **Delegate Davis**

Introduced and read first time: February 7, 2018

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 7, 2018

CHAPTER _____

1 AN ACT concerning

2 **Insurance – Contracts and Policies – Educational and Promotional Materials**
3 **and Articles of Merchandise**

4 FOR the purpose of increasing the maximum cost of educational and promotional materials
5 and articles of merchandise that a person may offer, promise, or give as valuable
6 consideration not specified in a contract of life insurance or health insurance or in
7 an annuity contract; increasing the maximum cost of educational and promotional
8 materials and articles of merchandise that a person may offer, promise, or give as
9 valuable consideration not specified in an insurance policy that is not life insurance,
10 health insurance, or an annuity; prohibiting a person from making receipt of any
11 educational materials, promotional materials, or articles of merchandise under
12 certain provisions of law contingent on the sale or purchase of insurance; and
13 generally relating to providing educational and promotional materials and articles
14 of merchandise not specified in an insurance contract or policy.

15 BY repealing and reenacting, with amendments,
16 Article – Insurance
17 Section 27–209 and 27–212
18 Annotated Code of Maryland
19 (2017 Replacement Volume)

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

22 **Article – Insurance**

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.



1 27-209.

2 (A) Except as otherwise expressly provided by law, a person, including a health
3 maintenance organization, may not knowingly:

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

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

9 (i) a rebate of premiums payable on the contract;

10 (ii) a special favor or advantage in the dividends or other benefits
11 under the contract;

12 (iii) paid employment or a contract for services of any kind; or

13 (iv) any valuable consideration or other inducement not specified in
14 the contract;

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

22 (4) offer, promise, or give any valuable consideration not specified in the
23 contract, except for educational materials, promotional materials, or articles of
24 merchandise that cost no more than ~~[\$25] \$100, regardless of whether a policy is purchased~~
25 \$50.

26 (B) A PERSON MAY NOT MAKE RECEIPT OF ANY EDUCATIONAL MATERIALS,
27 PROMOTIONAL MATERIALS, OR ARTICLES OF MERCHANDISE UNDER SUBSECTION
28 (A)(4) OF THIS SECTION CONTINGENT ON THE SALE OR PURCHASE OF INSURANCE.

29 27-212.

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

31 (b) Except to the extent provided for in an applicable filing with the
32 Commissioner as provided by law, an insurer, employee or representative of an insurer or

1 insurance producer may not pay, allow, give, or offer to pay, allow, or give directly or
2 indirectly as an inducement to insurance or after insurance has become effective:

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

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

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

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

13 (d) **(1)** Except as otherwise provided by law, a person may not knowingly offer,
14 promise, or give any valuable consideration not specified in the policy, except for
15 educational materials, promotional materials, or articles of merchandise that cost no more
16 than ~~[\$25] \$100, regardless of whether a policy is purchased~~ **\$50.**

17 **(2) A PERSON MAY NOT MAKE RECEIPT OF ANY EDUCATIONAL**
18 **MATERIALS, PROMOTIONAL MATERIALS, OR ARTICLES OF MERCHANDISE UNDER**
19 **THIS SUBSECTION CONTINGENT ON THE SALE OR PURCHASE OF INSURANCE.**

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

22 (i) the premium or rates charged for insurance;

23 (ii) the dividends or other benefits payable on the insurance; or

24 (iii) any of the other terms or conditions of the insurance.

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

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

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

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

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2018.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.