

## Chapter 485

**(House Bill 1083)**

AN ACT concerning

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

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

BY repealing and reenacting, with amendments,

Article – Insurance

Section 27–209 and 27–212

Annotated Code of Maryland

(2017 Replacement Volume)

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

**Article – Insurance**

27–209.

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

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

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

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

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

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

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

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

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

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

27-212.

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

(b) Except to the extent provided for in an applicable filing with the Commissioner as provided by law, an insurer, employee or representative of an insurer or insurance producer may not pay, allow, give, or offer to pay, allow, or give directly or indirectly as an inducement to insurance or after insurance has become effective:

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

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

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

(c) An insured named in a policy or an employee of the insured may not knowingly receive or accept directly or indirectly a rebate, discount, abatement, credit, reduction of

premium, special favor, advantage, valuable consideration, or inducement described in subsection (b) of this section.

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

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

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

- (i) the premium or rates charged for insurance;
- (ii) the dividends or other benefits payable on the insurance; or
- (iii) any of the other terms or conditions of the insurance.

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

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

- (1) paying commissions or other compensation to licensed insurance producers; or
- (2) allowing or returning to its participating policyholders, members, or subscribers lawful dividends, savings, or unabsorbed premium deposits.

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

**Approved by the Governor, May 8, 2018.**