

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1341
Economic Matters

(Delegate Qi, *et al.*)

Insurance - Product and Service Offerings

This bill specifies that certain provisions of insurance law do not prohibit an insurer, a nonprofit health service plan, or a health maintenance organization (collectively known as carriers) from offering or providing products or services in conjunction with a policy at no charge or at a discounted price under certain circumstances. An insurer may include an offer or provision of products or services in an applicable contract or form or rate filing. If so, the insurer may not discontinue the product or service unless requested by the policyholder. An insurer may not increase the premium or deny a claim of a policyholder if the policyholder accepts, rejects, or uses such a product or service. **The bill takes effect July 1, 2020, and must be construed to apply only prospectively.**

Fiscal Summary

State Effect: The bill does not directly affect State governmental operations or finances.

Local Effect: The bill does not directly affect local governmental operations or finances.

Small Business Effect: None.

Analysis

Bill Summary: Products or services may be offered (1) to educate a person regarding, or to assess, monitor, control, or prevent, risk of loss to persons or (2) that have a nexus to or enhance the value of certain insured benefits. Specifically, the risk of loss has to be associated with or have a nexus to risks insured against, and the offer or provision of products or services or policy enhancements has to be available to all policyholders.

Current Law: Generally, a person, including a health maintenance organization, may not knowingly:

- allow, make, or offer to make a contract of life insurance or health insurance or an annuity contract or an agreement about the contract other than as plainly expressed in the contract;
- pay, allow, or give (or offer to do so) – whether directly or indirectly – specified types of inducements to the insurance or annuity (specifically, a rebate of premiums payable on the contract, a special favor or advantage in the dividends or other benefits under the contract, paid employment or a contract for services of any kind, or any valuable consideration not specified in the contract);
- directly or indirectly give, sell, or purchase (or offer or agree to do so or allow as inducement to/in connection with the insurance or annuity) an agreement that promises specified types of returns, profits, or securities (or interest in securities) of an insurer or other corporation, association, or partnership; or
- 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 \$50.

A person may not make receipt of any educational materials, promotional materials, or articles of merchandise contingent on the sale or purchase of insurance.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland Insurance Administration; Department of Legislative Services

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mr/ljm

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