

Department of Legislative Services  
Maryland General Assembly  
2020 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

Senate Bill 556  
Finance

(Senator Beidle)

Economic Matters

---

**Insurance - Product and Service Offerings**

---

This bill authorizes an insurer, a nonprofit health service plan, or a health maintenance organization (collectively known as carriers) to offer or provide products or services that meet specified criteria in conjunction with an insurance policy at no charge or at a discounted price. The Insurance Commissioner may determine by regulation the types of products or services that meet these criteria. A carrier may include an offer or provision of products or services in an applicable contract or form or rate filing. A carrier may not discontinue the products or services during the term of the policy or contract unless consented to in writing by the policyholder or as a result of a uniform modification. A carrier may not increase the premium or deny a claim of a policyholder if the policyholder accepts, rejects, uses, or fails to use 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 Insurance Commissioner can adopt regulations using existing budgeted resources. Revenues are not affected.

**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 if (1) the products or services are to educate persons regarding – or to assess, monitor, control, or prevent – risk of loss to persons and the risk or loss is associated with risks insured against by the policy, insurance,

or annuity contract *or* (2) the products or services are substantially related to the insurance provided or enhance the health of the insured or beneficiary. The offer or provision of products or services must 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

**Fiscal Note History:**  
rh/ljm

First Reader - February 17, 2020

Third Reader - March 16, 2020

Revised - Amendment(s) - March 16, 2020

---

Analysis by: Jennifer B. Chasse

Direct Inquiries to:

(410) 946-5510

(301) 970-5510