Chapter 527

(Senate Bill 111)

AN ACT concerning

Insurance – Universal and Variable Life Insurance – Notice

FOR the purpose of requiring certain insurers to send a notice to policyholders of universal or variable life insurance if the policy contains a provision that allows the policyholder to reduce the face amount of the policy; requiring that the notice state certain information; ~~authorizing the insurer to include certain information in a certain billing statement;~~ requiring that the notice be sent to a certain address at certain times; <u>providing for a delayed effective date;</u> and generally relating to policies of universal and variable life insurance.

BY adding to
        Article – Insurance
        Section 16–219
        Annotated Code of Maryland
        (2017 Replacement Volume and 2019 Supplement)

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

Article – Insurance

16–219.

(A)   (1)   IF A POLICY OF UNIVERSAL OR VARIABLE LIFE INSURANCE CONTAINS A PROVISION THAT ALLOWS A POLICYHOLDER TO REDUCE THE FACE AMOUNT OF THE POLICY, THE INSURER SHALL PROVIDE A WRITTEN NOTICE TO THE POLICYHOLDER.

(2)   THE NOTICE SHALL STATE:

(I)   THAT THE POLICYHOLDER'S POLICY ALLOWS FOR A REDUCTION OF THE FACE AMOUNT OF THE POLICY ~~THAT MAY REDUCE THE PREMIUM OWED~~ <u>AS AN OPTION TO RETAIN COVERAGE</u>;

(II)   THE ~~PREMIUM~~ <u>AMOUNT</u> TO BE PAID TO PREVENT THE POLICY FROM LAPSE; AND

(III)   THE INSURER'S CUSTOMER SERVICE TELEPHONE NUMBER.

~~(B)   THE INSURER MAY INCLUDE THE INFORMATION REQUIRED UNDER SUBSECTION (A) OF THIS SECTION IN THE BILLING STATEMENT ISSUED TO THE POLICYHOLDER.~~

~~(C)~~ **(B)** THE NOTICE SHALL BE SENT TO A POLICYHOLDER'S LAST KNOWN ADDRESS:

(1)   AT THE BEGINNING OF THE GRACE PERIOD UNDER § 16–202 OF THIS SUBTITLE; AND

(2)   AT LEAST **30** DAYS BEFORE TERMINATION OF COVERAGE.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect ~~October 1, 2020~~ January 1, 2021.

Enacted under Article II, § 17(c) of the Maryland Constitution, May 8, 2020.