LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor

AL REDMER, JR.
Commissioner

Maryland
INSURANCE ADMINISTRATION

**TESTIMONY OF
THE
MARYLAND INSURANCE ADMINISTRATION
BEFORE THE
SENATE FINANCE COMMITTEE**

JANUARY 16, 2020

SENATE BILL 111 – INSURANCE - UNIVERSAL AND VARIABLE LIFE INSURANCE - NOTICE

POSITION: SUPPORT WITH AMENDMENTS

Thank you for the opportunity to provide written comments regarding Senate Bill 111. Senate Bill 111 adds a new §16-219 to the Insurance Article to require insurers to provide a notice to policyholders of universal or variable life insurance policies that contain provisions to allow a policyholder to reduce the face amount of the policy. The notice, which can be included in the billing statement or in the annual statement, would advise the policyholder of the premium necessary to prevent the policy from lapsing, and of the right to reduce the face amount of the policy to reduce the premium owed.

Currently, policy lapsing is one of the most common complaints the Maryland Insurance Administration (MIA) receives. Consumers with policies that include a provision allowing the policy face amount to be reduced may be able to reduce the premium owed to prevent lapse by reducing their face amount. Further, the MIA in an attempt to reduce any foreseeable burden for insurance carriers and to maximize consumer protection, Senate Bill 111 was drafted to allow carriers to include this information in the billing statement already issued to a policyholder or in the annual statement.

The Maryland Insurance Administration supports Senate Bill 111 as amended and urges the Committee to give Senate Bill 111 a favorable report.

BY: Maryland Insurance Administration

<u>AMENDMENTS TO SENATE BILL 111</u>
(First Reading File Bill)

<u>AMENDMENT NO. 1</u>

On page 2, Line 9, after "STATEMENT" insert "LAPSE NOTICE, OR ANY OTHER DOCUMENT"

<u>AMENDMENT NO. 2</u>

On page 2, Line 17, strike "October 1, 2020" and insert "January 1, 2021"