



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

April 1, 2025

Finance Committee
Chair Senator Pamela Beidle
Vice Chair Delegate Antonio Hayes
3 East Miller Senate Office Building
Annapolis, Maryland 21401

Dear Chair Beidle, Vice Chair Hayes, and Members of the Senate Finance Committee,

Thank you for the opportunity to testify on House Bill 1069, a bill that builds on Maryland's strong commitment to consumer protection. But let me be clear—this bill isn't about favoring policyholders over insurance companies. It's about creating an even playing field rather than letting insurance companies stack the deck in their favor when a dispute arises.

This issue isn't new to Maryland. Chair Peña-Melnyk herself led the charge in 2011 when she passed legislation to ban discretionary clauses in health insurance policies. Thanks to her leadership, Maryland became a national leader in protecting consumers from these unfair contract provisions.

Now, we have the opportunity to finish what she started. HB1069 closes the loophole by applying the same common sense protections to life insurance, annuities, and disability insurance—ensuring fairness across the board.

I'm not an attorney, but let me explain this issue in football terms—since I know some might have strong opinions about that.

Imagine a high-stakes game between the Baltimore Ravens and the Washington Commanders. It's the final play of the game. The referee makes a controversial call. But here's the twist—according to the official NFL rules, if there's any doubt about the call, the Commanders get to decide how the rule should be interpreted. Why? Because a Commanders representative helped write the rule in the offseason.

What would you think when—surprise!—the call goes in their favor? Ravens fans would be furious, Commanders fans would be a little suspicious, and everyone would agree that the game was rigged.

That's exactly how discretionary clauses work in insurance policies. They let insurance companies interpret their own contracts—meaning they get to decide what their policies actually cover and whether they have to pay out a claim. And under current law, if a policyholder challenges that decision, the court defers to the insurance company's interpretation unless it finds an "abuse of discretion."

That's not a level playing field—that's a rule that favors one team over the other before the game even starts.

What HB1069 Does

✓ Closes the loophole – Maryland banned discretionary clauses in health insurance in 2011 thanks to Chair Peña-Melnyk's leadership. But insurers still use them in life, disability, and annuity policies. This bill ends that practice.

✓ Ensures fairness – Just like a referee should make calls based on what the rulebook actually says, insurance disputes should be decided based on what the contract actually states—not the insurer's self-serving interpretation.

✓ Protects all Marylanders – No one should have to fight an uphill battle to get the benefits they've paid for and counted on. This bill expands consumer protections without adding bureaucracy or unnecessary costs.

Insurers might argue that discretionary clauses make the system more efficient—but at what cost? Efficiency shouldn't come at the expense of fairness and accountability. A contract should be a two-way street—not a rulebook where only one side gets to call the shots.

At the end of the day, this is about fairness, transparency, and making sure the system works for everyone—not just those with the most power. I urge a favorable report on HB1069, and I thank you for your time and consideration.