

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1283
Economic Matters

(Delegate Martinez, *et al.*)

Insurance - Discrimination - Sexual Orientation and Gender Identity

This bill expressly prohibits discrimination based on sexual orientation or gender identity by an insurer, insurance producer, surety insurer, or health network when taking certain actions related to the sale, issuance, and provision of insurance. The bill also makes conforming changes.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State operations or finances.

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

Small Business Effect: None.

Analysis

Bill Summary/Current Law: Certain insurer practices and activities are expressly prohibited and considered, among other things, unfair trade practices, unfair claim settlement practices, or discrimination. The Insurance Commissioner has general enforcement authority to issue a cease-and-desist order when a violation is discovered, and penalties are prescribed for different types of violations. Certain activities carry more severe penalties; for example, an insurer may be fined up to \$125,000 for each violation when it fails to act in good faith when settling a first-party claim.

Under current law, a carrier may not refuse, withhold, or deny coverage under a health benefit plan offered by the carrier or otherwise discriminate against any individual,

including on the basis of the individual's sexual orientation or gender identity. This provision is enforced for the Commission on Civil Rights.

The bill expands the following prohibitions on discrimination under current law to include sexual orientation and gender identity:

- an insurer or insurance producer may not cancel or refuse to underwrite or renew a particular insurance risk or class of risk for a reason based wholly or partly on race, color, creed, sex, or blindness of an applicant or policyholder or for any arbitrary, capricious, or unfairly discriminatory reason;
- an insurer may not require special conditions, facts, or situations as a condition to its acceptance or renewal of a particular insurance risk or class of risks in an arbitrary, capricious, unfair, or discriminatory manner based wholly or partly on race, creed, color, sex, religion, national origin, place of residency, blindness, or other physical handicap or disability;
- a surety insurer may not cancel or refuse to issue or renew a surety bond for a reason based wholly or partly on race, color, creed, sex, or physical handicap or disability of an applicant or principal or for any other arbitrary, capricious, or unfairly discriminatory reason;
- a surety insurer may not require special conditions, facts, or situations as a condition to its acceptance or renewal of a particular surety risk in an arbitrary, capricious, unfair, or discriminatory manner based wholly or partly on race, creed, color, sex, religion, national origin, place of residence, or physical handicap or disability;
- an insurer may not cancel or amend a written agreement with an insurance producer or refuse to accept business from the insurance producer if the cancellation, amendment, or refusal is arbitrary, capricious, unfair, or discriminatory or is based wholly or partly on the race, creed, color, sex, religion, national origin, or place of residency of the insurance producer or the applicants or policyholders of the insurance producer; and
- a health network may not deny health care services to an enrollee on the basis of gender, race, age, religion, national origin, or a protected category under the Americans with Disabilities Act.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Commission on Civil Rights; Maryland Insurance Administration; Department of Legislative Services

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rh/jc

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