
By: Delegate Harrison

Introduced and read first time: February 5, 1997

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 13, 1997

CHAPTER ____

1 AN ACT concerning

2 ~~Life and Health Insurance and Annuities~~ **Annuity Contracts - Rebates**

3 FOR the purpose of prohibiting persons from offering, promising, or giving any valuable
4 consideration not specified in a contract of life or health insurance or an annuity
5 contract, with certain exceptions, regardless of whether a policy is purchased;
6 providing a certain exception for contracts of insurance other than life and health
7 insurance and annuities; and generally relating to rebates on ~~contracts of life and~~
8 ~~health insurance and annuity~~ insurance and annuity contracts.

9 BY repealing and reenacting, with amendments,
10 Article - Insurance
11 Section 27-209 and 27-212(b)
12 Annotated Code of Maryland
13 (1995 Volume and 1996 Supplement)
14 (As enacted by Chapter ____ (H.B. 11) of the Acts of the General Assembly of 1997)

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

17 **Article - Insurance**

18 27-209.

19 Except as otherwise expressly provided by law, a person may not knowingly:

20 (1) allow, make, or offer to make a contract of life insurance or health
21 insurance or an annuity contract or an agreement as to the contract other than as plainly
22 expressed in the contract;

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1 (2) pay, allow, give, or offer to pay, allow, or give directly or indirectly as an
2 inducement to the insurance or annuity:

3 (i) a rebate of premiums payable on the contract;

4 (ii) a special favor or advantage in the dividends or other benefits
5 under the contract;

6 (iii) paid employment or a contract for services of any kind; or

7 (iv) any valuable consideration or other inducement not specified in
8 the contract;

9 (3) directly or indirectly give, sell, purchase, offer or agree to give, sell, or
10 purchase, or allow as inducement to the insurance or annuity or in connection with the
11 insurance or annuity, regardless of whether specified in the policy or contract, an
12 agreement that promises returns and profits, or stocks, bonds, or other securities, or a
13 present or contingent interest in or measured by stocks, bonds, or other securities, of an
14 insurer or other corporation, association, or partnership, or dividends or profits accrued
15 or to accrue on stocks, bonds, or other securities; or

16 (4) offer, promise, or give [anything of value] ANY VALUABLE
17 CONSIDERATION not specified in the contract, EXCEPT FOR EDUCATIONAL
18 MATERIALS, PROMOTIONAL MATERIALS, OR ARTICLES OF MERCHANDISE, OF
19 NOMINAL VALUE, REGARDLESS OF WHETHER A POLICY IS PURCHASED.

20 27-212.

21 (b) Except to the extent provided for in an applicable filing with the
22 Commissioner as provided by law, an insurer, employee or representative of an insurer,
23 agent, or broker may not pay, allow, give, or offer to pay, allow, or give directly or
24 indirectly as an inducement to insurance or after insurance has become effective:

25 (1) a rebate, discount, abatement, credit, or reduction of the premium
26 stated in the policy;

27 (2) a special favor or advantage in the dividends or other benefits to accrue
28 on the policy; or

29 (3) any valuable consideration or other inducement not specified in the
30 policy, EXCEPT FOR EDUCATIONAL MATERIALS, PROMOTIONAL MATERIALS, OR
31 ARTICLES OF MERCHANDISE, OF NOMINAL VALUE, REGARDLESS OF WHETHER A
32 POLICY IS PURCHASED.

33 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
34 October 1, 1997.

