
By: Senator Ruben

Introduced and read first time: January 31, 1997

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: April 3, 1997

CHAPTER _____

1 AN ACT concerning

2 ~~Life Insurance and Health Insurance – Rejection of Application – Statement of Actual~~
3 ~~Reason for Rejection~~ Health Insurers and Life Insurers - Disclosure of Medical
4 Information5 ~~FOR the purpose of requiring a life or health insurer, when the insurer rejects an~~
6 ~~application for a policy, to provide the applicant with a certain notice and a certain~~
7 ~~statement of the actual reason for rejection under certain circumstances;~~
8 ~~establishing certain form and content requirements for the statement of actual~~
9 ~~reason; providing that a statement of actual reason is privileged under certain~~
10 ~~circumstances; requiring an insurer to file a copy of each statement of actual reason~~
11 ~~with the Maryland Insurance Commissioner; and generally relating to the statement~~
12 ~~of actual reason for rejection of an application in life insurance and health~~
13 ~~insurance.~~14 FOR the purpose of requiring certain medical files on applicants compiled by health
15 insurers and life insurers to be made available for inspection to a physician of the
16 applicant's choice under certain circumstances; authorizing a certain insurer to
17 disclose certain medical information to a physician of an insured's choice under
18 certain circumstances; requiring a life insurer that denies a policy of life insurance
19 to an applicant to disclose to a certain physician the results of a certain medical
20 examination on request of the applicant; and generally relating to requirements for
21 health insurers and life insurers to disclose medical information.22 ~~BY adding to~~23 ~~Article – Insurance~~24 ~~Section 27-911~~25 ~~Annotated Code of Maryland~~26 ~~(1995 Volume and 1996 Supplement)~~

2

1 (As enacted by Chapter _____ (H.B. 11) of the Acts of the General Assembly of 1997)

2 BY repealing and reenacting, with amendments,

3 Article - Insurance

4 Section 4-402(a) and 4-403(b)(1)

5 Annotated Code of Maryland

6 (1995 Volume and 1996 Supplement)

7 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995 and

8 Chapter _____ (H.B. 387) of the Acts of the General Assembly of 1997)

9 BY adding to

10 Article - Insurance

11 Section 4-404

12 Annotated Code of Maryland

13 (1995 Volume and 1996 Supplement)

14 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995 and

15 Chapter _____ (H.B. 387) of the Acts of the General Assembly of 1997)

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

18 **Article - Insurance**

19 ~~27-911.~~

20 ~~(A) THIS SECTION APPLIES ONLY TO POLICIES OF:~~

21 ~~(1) LIFE INSURANCE; AND~~

22 ~~(2) HEALTH INSURANCE.~~

23 ~~(B) WHEN AN INSURER REJECTS AN APPLICATION FOR A POLICY, THE~~
24 ~~INSURER SHALL MAIL TO THE ADDRESS OF THE APPLICANT AS INDICATED ON THE~~
25 ~~APPLICATION WITHIN 30 DAYS OF THE DATE OF THE APPLICATION:~~

26 ~~(1) A NOTICE OF THE REJECTION; AND~~

27 ~~(2) A STATEMENT OF THE ACTUAL MEDICAL OR OTHER REASON FOR~~
28 ~~REJECTION THAT CONFORMS WITH THE PROVISIONS OF SUBSECTION (C) OF THIS~~
29 ~~SECTION.~~

30 ~~(C) THE STATEMENT OF ACTUAL REASON FOR REJECTION:~~

31 ~~(1) IF BASED IN WHOLE OR IN PART ON A MEDICAL REASON, SHALL~~
32 ~~STATE THE TYPE OF MEDICAL TEST USED AND THE RESULT OF THE MEDICAL TEST~~
33 ~~USED;~~

34 ~~(2) SHALL BE SUFFICIENTLY CLEAR AND SPECIFIC SO THAT AN~~
35 ~~APPLICANT OF REASONABLE INTELLIGENCE CAN IDENTIFY THE BASIS FOR THE~~
36 ~~INSURER'S DECISION WITHOUT MAKING FURTHER INQUIRY; AND~~

1 ~~(3) MAY NOT CONTAIN GENERALIZED TERMS SUCH AS "PERSONAL~~
2 ~~HABITS", "PHYSICAL HANDICAP OR DISABILITY", "LIVING CONDITIONS", "POOR~~
3 ~~MORALS", "VIOLATION OR ACCIDENT RECORD", OR "INFORMATION BASED ON~~
4 ~~MEDICAL TESTS".~~

5 ~~(D) A STATEMENT OF ACTUAL REASON FOR REJECTION IS PRIVILEGED AND~~
6 ~~DOES NOT CONSTITUTE GROUNDS FOR AN ACTION AGAINST THE INSURER, ITS~~
7 ~~REPRESENTATIVES, OR ANOTHER PERSON THAT IN GOOD FAITH PROVIDES TO THE~~
8 ~~INSURER INFORMATION ON WHICH THE STATEMENT IS BASED.~~

9 ~~(E) THE INSURER MUST PROMPTLY FILE A COPY OF EACH STATEMENT OF~~
10 ~~ACTUAL REASON FOR REJECTION WITH THE COMMISSIONER.~~

11 4-402.

12 (a) Medical files on applicants and claimants that are compiled by insurers under
13 policies of health insurance or life insurance shall be made available for inspection:

14 (1) on request of the applicant or claimant; [or]

15 (2) ON REQUEST OF the agent of the applicant or claimant; OR

16 (3) ON REQUEST OF THE APPLICANT, A PHYSICIAN OF THE APPLICANT'S
17 CHOICE.

18 4-403.

19 (b) (1) An insurer may disclose specific medical information contained in an
20 insured's medical records to:

21 (I) the insured; [or]

22 (II) the insured's agent or representative; OR

23 (III) ON REQUEST OF THE INSURED, A PHYSICIAN OF THE
24 INSURED'S CHOICE.

25 4-404.

26 IF A LIFE INSURER DENIES A POLICY OF LIFE INSURANCE TO AN APPLICANT,
27 THE LIFE INSURER SHALL DISCLOSE THE RESULTS OF ANY MEDICAL EXAMINATION
28 ADMINISTERED TO DETERMINE THE APPLICANT'S INSURABILITY TO A PHYSICIAN
29 OF THE APPLICANT'S CHOICE IF THE APPLICANT SO REQUESTS.

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

