

CF 7r2568

By: Senator Astle

Introduced and read first time: January 31, 1997

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 18, 1997

CHAPTER ____

1 AN ACT concerning

2 **Life and Health Insurance and Annuities - 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; and
6 generally relating to rebates on contracts of life and health insurance and annuity
7 contracts.

8 BY repealing and reenacting, with amendments,

9 Article - Insurance

10 Section 27-209

11 Annotated Code of Maryland

12 (1995 Volume and 1996 Supplement)

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

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article - Insurance**

17 27-209.

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

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

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

2

- 1 (i) a rebate of premiums payable on the contract;
- 2 (ii) a special favor or advantage in the dividends or other benefits
- 3 under the contract;
- 4 (iii) paid employment or a contract for services of any kind; or
- 5 (iv) any valuable consideration or other inducement not specified in
- 6 the contract;

7 (3) directly or indirectly give, sell, purchase, offer or agree to give, sell, or

8 purchase, or allow as inducement to the insurance or annuity or in connection with the

9 insurance or annuity, regardless of whether specified in the policy or contract, an

10 agreement that promises returns and profits, or stocks, bonds, or other securities, or a

11 present or contingent interest in or measured by stocks, bonds, or other securities, of an

12 insurer or other corporation, association, or partnership, or dividends or profits accrued

13 or to accrue on stocks, bonds, or other securities; or

14 (4) offer, promise, or give [anything of value] ANY VALUABLE

15 CONSIDERATION not specified in the contract, EXCEPT FOR EDUCATIONAL

16 MATERIALS, PROMOTIONAL MATERIALS, OR ARTICLES OF MERCHANDISE, ~~OF~~

17 ~~NOMINAL VALUE~~ THAT COST LESS THAN \$10 (ADJUSTED FOR INFLATION, USING THE

18 CONSUMER PRICE INDEX - ALL URBAN CONSUMERS), REGARDLESS OF WHETHER A

19 POLICY IS PURCHASED.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect

21 October 1, 1997.