

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 571 (Delegate Boston)
Economic Matters

Life Insurance - Student Loan Option

This bill provides that a life insurance policy may permit the policyholder's family member to obtain a student loan from the insurer if (1) the loan is made without credit underwriting; (2) the obligation to repay the principle amount is postponed while the student is in school and meeting minimum academic standards of the school; (3) no collateral is required, except the cosignature of a parent or guardian, the assignment of the policy, and the guarantee of an entity whose guarantee makes the loan a permissible investment under applicable law; (4) the marketing materials relating to the student loan option are filed with the Insurance Commissioner at least 30 days prior to use; and (5) the policyholder pays a bona fide premium to the insurer for the policy. Under current law, insurers may not offer life insurance as an inducement to or in combination with the purchase by the public of any goods, securities, commodities, services, or subscriptions to periodicals.

This bill takes effect June 1, 1997.

Fiscal Summary

State Effect: None. Any increased workload for the Maryland Insurance Administration as a result of the bill could be handled with existing resources. The bill would not directly affect the Maryland Higher Education Commission or the institutions of higher education in the State.

Local Effect: None.

Small Business Effect: None. The bill would not directly affect small businesses.

Information Source(s): Maryland Higher Education Commission, Maryland Insurance

Administration, Department of Fiscal Services

Fiscal Note History: First Reader - February 20, 1997

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