

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL NO. 729

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 9, after “children;” insert “providing for a certain condition on the conversion of certain life insurance policies from group to individual under certain circumstances; providing for the extension of a certain conversion period under certain circumstances;”; in the same line, after “stylistic” insert “and clarifying”; and in line 23, strike “and 17-209” and substitute “17-209, 17-304, and 17-309”.

AMENDMENT NO. 2

On page 2, after line 32, insert:

“(D) AN INSURER WHO SEEKS TO SOLICIT COVERAGE FOR MARYLAND RESIDENTS UNDER A GROUP LIFE INSURANCE POLICY ISSUED IN ANOTHER JURISDICTION SHALL INCLUDE IN THE CERTIFICATE FORM USED IN CONNECTION WITH THE COVERAGE A NOTICE ON THE FIRST PAGE IN 12 POINT BOLD TYPE THAT STATES:

“THE GROUP INSURANCE POLICY PROVIDING COVERAGE UNDER THIS CERTIFICATE WAS ISSUED IN A JURISDICTION OTHER THAN MARYLAND AND MAY NOT PROVIDE ALL OF THE BENEFITS REQUIRED BY MARYLAND LAW.”“.

AMENDMENT NO. 3

On page 4, in line 14, after “EMPLOYER,” insert “IN”; in the same line, after “WHICH” insert “THE”; and in line 25, strike “AND IF” and substitute “AND OF”.

AMENDMENT NO. 4

On page 8, in line 35, strike “PROPRIETORSHIP” and substitute “PROPRIETOR”.

(Over)

AMENDMENT NO. 5

On page 16, in line 10, after “PARAGRAPHS” insert “(1) AND”; and in the same line, strike “AND (3)”.

AMENDMENT NO. 6

On page 19, in line 1, after “and” strike “minor” and substitute “DEPENDENT”.

AMENDMENT NO. 7

On page 19, after line 32, insert:

“17-304.

Each policy of group life insurance shall contain a provision that:

(1) requires a copy of any application of the policyholder to be attached to the policy when issued;

(2) the statements made by the policyholder or the insured are considered representations and not warranties; and

(3) a statement made by an insured may not be used in a contest unless a copy of the instrument that contains the statement is provided to the insured or, IN THE EVENT OF DEATH OR INCAPACITY OF THE INSURED, to the insured's beneficiary.

17-309.

(a) Each policy of group life insurance shall contain a provision that if the insurance or any part of it on an insured ceases under the policy because of termination of employment or membership in the class or classes eligible for coverage under the policy, the insured is entitled to have issued by the insurer, without evidence of insurability, an individual policy of life insurance without disability or other supplementary benefits, subject to the following conditions:

(1) SUBJECT TO SUBSECTION (B) OF THIS SECTION, application for the policy must be made and the first premium must be paid to the insurer within 31 days after the termination of employment or membership;

(2) the individual policy is, at the option of the insured, on any form, except term insurance, customarily issued by the insurer at the age and for the amount applied for;

(3) the individual policy is in an amount that does not exceed the amount of life insurance that ceases because of the termination of employment or membership, less the amount of life insurance for which the insured is eligible under the same or another group policy within 31 days after the termination of employment or membership; [and]

(4) the premium on the individual policy is at the insurer's customary rate applicable to:

(i) the form and amount of the individual policy;

(ii) the class of risk to which the insured belongs; and

(iii) the age of the insured attained on the effective date of the individual policy; AND

(5) THE INSURED IS ENTITLED TO WRITTEN NOTICE OF THE INSURED'S RIGHTS UNDER THIS SECTION AT LEAST 15 DAYS PRIOR TO THE EXPIRATION OF THE CONVERSION PERIOD PROVIDED FOR IN ITEM (1) OF THIS SUBSECTION.

(B) (1) IF THE INSURED IS NOT PROVIDED WITH THE NOTICE REQUIRED UNDER SUBSECTION (A)(5) OF THIS SECTION, THE INSURED SHALL HAVE AN ADDITIONAL 15 DAYS FROM THE DATE ON WHICH WRITTEN NOTICE IS RECEIVED TO MAKE APPLICATION FOR THE INDIVIDUAL POLICY AND PAY THE FIRST PREMIUM TO THE INSURER.

(2) IN NO EVENT SHALL THE ADDITIONAL PERIOD PROVIDED UNDER PARAGRAPH (1) OF THIS SUBSECTION EXTEND BEYOND 60 DAYS AFTER THE EXPIRATION OF THE CONVERSION PERIOD PROVIDED FOR IN SUBSECTION (A)(1) OF THIS SECTION.

[(b)] (C) For purposes of subsection (a)(3) of this section, insurance that matures on or before the date of the termination of employment or membership as an endowment payable to the insured, whether in one sum, in installments, or in the form of an annuity, may not be included in the amount of life insurance that is considered to cease because of the termination of employment or membership.”.