
By: **Senator Hooper**
Introduced and read first time: February 18, 1999
Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Misrepresentations in Applications - Rescission**

3 FOR the purpose of authorizing an insurer that has issued a policy of insurance other
4 than a life insurance or health insurance policy or an annuity contract to rescind
5 the policy under certain circumstances if the application for insurance contains
6 certain misrepresentations, omissions, concealments of fact, or incorrect
7 statements; and generally relating to misrepresentations, omissions,
8 concealments of fact, and incorrect statements in applications for insurance.

9 BY adding to
10 Article - Insurance
11 Section 19-112
12 Annotated Code of Maryland
13 (1997 Volume and 1998 Supplement)

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 19-112.

18 (A) THIS SECTION SHALL APPLY TO ALL POLICIES OF INSURANCE EXCEPT
19 LIFE INSURANCE POLICIES, HEALTH INSURANCE POLICIES, OR ANNUITY CONTRACTS
20 WHICH ARE SUBJECT TO THE PROVISIONS OF § 12-207 OF THIS ARTICLE.

21 (B) AN INSURER MAY RESCIND AND DECLARE VOID FROM INCEPTION A
22 POLICY OF INSURANCE TO WHICH THIS SECTION APPLIES IF THE APPLICATION FOR
23 INSURANCE CONTAINS ANY MISREPRESENTATION, OMISSION, CONCEALMENT OF
24 FACT, OR INCORRECT STATEMENT THAT IS MATERIAL TO THE ACCEPTANCE OF THE
25 RISK.

26 (C) A MISREPRESENTATION, OMISSION, CONCEALMENT OF FACT, OR
27 INCORRECT STATEMENT IS MATERIAL TO THE ACCEPTANCE OF THE RISK IF:

1 (1) THE MISREPRESENTATION, OMISSION, CONCEALMENT OF FACT, OR
2 INCORRECT STATEMENT IS FRAUDULENT;

3 (2) THE INSURER WOULD NOT HAVE ISSUED THE POLICY IF THE
4 APPLICATION HAD NOT CONTAINED THE MISREPRESENTATION, OMISSION,
5 CONCEALMENT OF FACT, OR INCORRECT STATEMENT; OR

6 (3) THE INSURER WOULD HAVE CHARGED A HIGHER PREMIUM IF THE
7 APPLICATION HAD NOT CONTAINED THE MISREPRESENTATION, OMISSION,
8 CONCEALMENT OF FACT, OR INCORRECT STATEMENT.

9 (D) RESCISSION OF A POLICY UNDER THE PROVISIONS OF THIS SECTION
10 RENDERS THE POLICY NULL AND VOID IN ITS INCEPTION AS TO ANY CLAIMS FOR
11 COVERAGE ASSERTED AGAINST THE POLICY.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 October 1, 1999.