

Department of Legislative Services  
Maryland General Assembly  
1999 Session

FISCAL NOTE  
Revised

Senate Bill 461 (Senator Della)

Finance

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Group Life Insurance

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This bill alters certain general requirements relating to the issuance of group life insurance policies.

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Fiscal Summary

**State Effect:** Indeterminate minimal increase in special fund revenues. Any workload increase could be handled with existing resources.

**Local Effect:** None.

**Small Business Effect:** Potential minimal.

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Fiscal Analysis

**Bill Summary:** Unless approved by the Maryland Insurance Commissioner, a group life insurance policy cannot be offered to a resident of the State unless it is issued by a group specified in the bill or existing law. An insurer who solicits a Maryland resident under a policy issued in another state must provide notice that the policy may not provide all the benefits required by Maryland law.

The following provisions are required for policies issued by an authorized group:

- the premium for the policy must be paid from either the policyholder's funds or funds paid by the covered individuals;
- all members of the group must be eligible; however, an insurer may exclude an

individual because evidence of insurability is not satisfactory;

- the group offering the life insurance policy is deemed the policyholder and may not be the beneficiary; and
- a policy for which no part of the premium is paid by the insured must insure all the eligible members, except those that reject the coverage in writing or those rejected by the insurer; and
- if the group policy is to cease because of termination of employment or membership in the class eligible under the policy, the insured has the right to an individual policy without evidence of insurability, subject to applying and paying the first premium within 31 days after the termination of employment or membership (conversion period). The insured is entitled to written notice of the right at least 15 days prior to the expiration of the conversion period. If not given, the insured shall have an additional period of 15 days after the notice is given. In no event shall the additional period extend beyond 60 days after the expiration of the conversion period.

The bill also makes changes to specific requirements within some of the groups authorized to provide group life insurance.

**State Revenues:** Special fund revenues could increase by an indeterminate minimal amount since insurers may file new rates and forms subject to \$125 rating and form filing fees by the Maryland Insurance Administration. The number of insurers who will file new rates and forms solely as a result of this bill cannot be reliably estimated at this time, but is expected to be minimal.

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**Information Source(s):** Maryland Insurance Administration, Department of Legislative Services

**Fiscal Note History:** First Reader - February 24, 1999  
dmm/jr Revised - Senate Third Reader - April 1, 1999  
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