

Department of Legislative Services

Maryland General Assembly

2001 Session

FISCAL NOTE

House Bill 149

Chairman ECM (Dept)

(Departmental – Insurance Administration, Maryland)

Economic Matters

Finance

Health Insurance - Standard Provisions

This departmental bill repeals two standard contract provisions that may be used in individual health insurance policies. The two provisions relate to an insurer's liability for losses incurred: (1) during the insured's commission of or attempt to commit a felony; and (2) while the insured was intoxicated or under the influence of any narcotic.

This bill takes effect January 1, 2002.

Fiscal Summary

State Effect: None. The bill's requirements could be handled with existing Maryland Insurance Administration (MIA) resources.

Local Effect: None.

Small Business Effect: The MIA has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: A health insurance carrier may include provisions in individual health insurance policies that limit the carrier's liability in certain situations where the insured is engaged in criminal activity or under the influence of alcohol or illegal drugs.

Background: During the 1999 session, the MIA introduced HB 43 for the purpose of creating uniform standard contract provisions for group and blanket insurance policies, as well as for nonprofit health service plans. HB 43, as introduced, would have added certain standard contract provisions for group and nonprofit health service plan policies that only existed for individual and blanket health insurance policies.

As enacted, HB 43 (Chapter 602) repealed standard contract provisions for group and blanket health insurance policies and required the MIA to adopt by regulation standard contract provisions for contracts and policies issued by insurers, nonprofit health service plans, and HMOs. The MIA has promulgated new regulations as required; however, the MIA cannot adopt certain regulatory changes for individual health insurance policies until certain statutory provisions of the individual health insurance subtitle are repealed.

Additional Information

Prior Introductions: None.

Cross File: SB 132 (Chairman, Finance Committee) – Finance.

Information Source(s): Maryland Insurance Administration, Department of Health and Mental Hygiene (Medicaid), Department of Legislative Services

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sj/jr

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