

HOUSE BILL 499

Unofficial Copy
C4

2003 Regular Session
(3r0073)

ENROLLED BILL

-- Health and Government Operations/Finance --

Introduced by **Chairman, Health and Government Operations Committee (By Request - Departmental - Insurance Administration, Maryland) and Delegates Benson, Boutin, Bromwell, Costa, Donoghue, Elliott, Goldwater, Hammen, Haynes, Hubbard, Hurson, Kach, Mandel, McDonough, Morhaim, Murray, Nathan-Pulliam, Oaks, Pendergrass, Redmer, Rosenberg, Rudolph, Smigiel, V. Turner, and Weldon**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Maryland Insurance Administration - Disability Benefits - Adoption of**
3 **Regulations**

4 FOR the purpose of requiring the Maryland Insurance Commissioner to adopt
5 certain regulations establishing a process to be used by certain insurers for
6 handling disability benefit claims under certain circumstances; requiring
7 certain insurers under certain circumstances to provide an insured with a
8 process to dispute an insurer's disability benefit decision; *providing that certain*
9 *regulations establishing a process to be used by insurers offering individual*
10 *disability benefit policies may not take effect until a certain date;* and generally
11 relating to claims procedures for disability benefits.

12 BY adding to

1 Article - Insurance
2 Section 15-1010
3 Annotated Code of Maryland
4 (2002 Replacement Volume and 2002 Supplement)

5 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
6 MARYLAND, That the Laws of Maryland read as follows:

7 **Article - Insurance**

8 15-1010.

9 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
10 INDICATED.

11 (2) (I) "DISABILITY BENEFIT" MEANS A BENEFIT THAT IS PAYABLE
12 BASED ON THE DISABILITY OF A COVERED INDIVIDUAL.

13 (II) "DISABILITY BENEFIT" DOES NOT INCLUDE:

14 1. LONG-TERM CARE INSURANCE;

15 2. A BENEFIT THAT IS PAYABLE BASED SOLELY ON A
16 DISMEMBERMENT OF A COVERED INDIVIDUAL;

17 3. BENEFITS IN A LIFE INSURANCE POLICY THAT OPERATE
18 TO SAFEGUARD THE CONTRACT FROM LAPSE OR TO PROVIDE A SPECIAL SURRENDER
19 VALUE, SPECIAL BENEFIT, OR ANNUITY IN THE EVENT OF TOTAL AND PERMANENT
20 DISABILITY; OR

21 4. BENEFITS IN A HEALTH INSURANCE POLICY THAT
22 OPERATE TO SAFEGUARD THE CONTRACT FROM LAPSE DUE TO DISABILITY.

23 (3) "ADVERSE BENEFIT DETERMINATION" MEANS:

24 (I) A DENIAL, REDUCTION, OR TERMINATION OF A DISABILITY
25 BENEFIT;

26 (II) A FAILURE TO PROVIDE OR MAKE PAYMENT, IN WHOLE OR IN
27 PART, FOR A DISABILITY BENEFIT; OR

28 (III) ANY DENIAL, REDUCTION, TERMINATION, OR FAILURE TO
29 PROVIDE OR MAKE PAYMENT THAT IS BASED ON A DETERMINATION OF AN
30 INDIVIDUAL'S ELIGIBILITY FOR COVERAGE OF A DISABILITY BENEFIT.

31 (B) (1) THE COMMISSIONER SHALL ADOPT REGULATIONS THAT ESTABLISH
32 STANDARDS GOVERNING THE PROCESSING OF CLAIMS BY AN INSURER THAT:

33 (I) ISSUES OR DELIVERS INDIVIDUAL POLICIES IN THE STATE
34 THAT INCLUDE A DISABILITY BENEFIT; OR

1 (II) ISSUES OR DELIVERS GROUP POLICIES IN THE STATE THAT
2 INCLUDE A DISABILITY BENEFIT.

3 (2) THE REGULATIONS ADOPTED UNDER THIS SUBSECTION SHALL
4 ESTABLISH AND MAINTAIN REASONABLE CLAIMS PROCEDURES GOVERNING THE
5 FILING OF DISABILITY BENEFIT CLAIMS, INCLUDING:

6 (I) NOTIFICATION OF AN ADVERSE BENEFIT DETERMINATION;
7 AND

8 (II) AN APPEAL BY AN INSURED OR THE INSURED'S AUTHORIZED
9 REPRESENTATIVE OF AN INSURER'S ADVERSE BENEFIT DETERMINATION.

10 (3) THE CLAIMS PROCEDURES ESTABLISHED FOR BOTH INDIVIDUAL
11 AND GROUP POLICIES UNDER THIS SUBSECTION SHALL BE CONSISTENT WITH THE
12 PROVISIONS OF THE DEPARTMENT OF LABOR'S REGULATION ENTITLED "EMPLOYEE
13 RETIREMENT INCOME SECURITY ACT OF 1974, RULES AND REGULATIONS FOR
14 ADMINISTRATION AND ENFORCEMENT; CLAIMS PROCEDURE; FINAL RULE" (29 CFR
15 2560).

16 SECTION 2. AND BE IT FURTHER ENACTED, That the regulations adopted
17 under § 15-1010(b)(1)(i) of the Insurance Article as enacted by Section 1 of this Act,
18 governing individual disability benefit policies may not take effect until July 1, 2004.

19 SECTION ~~2.~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
20 effect October 1, 2003.