

**Department of Legislative Services**  
Maryland General Assembly  
2005 Session

**FISCAL AND POLICY NOTE**

House Bill 617

(Delegate Mandel, *et al.*)

Health and Government Operations

Finance

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**Life Insurance Freedom to Travel Act**

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This bill prohibits a life insurer, solely for reasons associated with an applicant's or insured's past lawful travel experiences, from: (1) refusing to insure an individual; (2) refusing to continue insuring an individual; (3) limiting the amount, extent, or kind of coverage available to an individual; or (4) charging an individual a different rate for the same coverage.

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**Fiscal Summary**

**State Effect:** The bill would not materially affect the finances or operations of the Maryland Insurance Administration.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** An insurer or insurance producer may not cancel or refuse to underwrite or renew a particular insurance risk or class of risk for a reason based on race, color, creed, sex, or blindness of an applicant or policyholder or for any arbitrary, capricious, or unfairly discriminatory reason. Generally, an insurer is prohibited from canceling or refusing to underwrite or renew a particular insurance risk except by standards that are reasonably related to the insurer's economic and business purposes.

Generally, a person may not make or allow unfair discrimination between individuals of the same class and equal life expectancy in: (1) the rates charged for life insurance or an annuity contract; (2) the dividends or other payable benefits under the contract; or (3) any other terms or conditions of the contract.

Generally, an insurer may not make or allow differences in a life insurance or an annuity contract based on an applicant's or policyholder's blindness or other disability. However, actuarial justification for the difference may be considered for a disability other than blindness or hearing impairment. Unless there is an actuarial justification, an insurer may not refuse to insure or differentiate because the applicant or policyholder has the sickle-cell trait, thalassemia-minor trait, hemoglobin C trait, Tay-Sachs trait, or a genetic trait that is harmless in itself.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 507 (Senator Gladden, *et al.*) – Finance.

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

**Fiscal Note History:** First Reader - February 25, 2005  
ncs/ljm

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