

HOUSE BILL 236

C3, C4

8lr0041

By: **Chair, Health and Government Operations Committee (By Request – Departmental – Insurance Administration, Maryland)**

Introduced and read first time: January 23, 2008

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Life or Health Insurance Policies and Contracts – Discretionary Clauses –**
3 **Prohibition**

4 FOR the purpose of prohibiting the use of certain clauses in certain life or health
5 insurance policies or annuity contracts; providing that certain clauses in certain
6 insurance policies or contracts are void and unenforceable; defining a certain
7 term; and generally relating to life or health insurance policies and contracts.

8 BY adding to

9 Article – Health – General

10 Section 19–706(ppp)

11 Annotated Code of Maryland

12 (2005 Replacement Volume and 2007 Supplement)

13 BY adding to

14 Article – Insurance

15 Section 12–211

16 Annotated Code of Maryland

17 (2003 Replacement Volume and 2007 Supplement)

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

20 **Article – Health – General**

21 19–706.

22 **(PPP) THE PROVISIONS OF § 12–211 OF THE INSURANCE ARTICLE APPLY**
23 **TO HEALTH MAINTENANCE ORGANIZATIONS.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1

Article – Insurance2 **12-211.**3 **(A) IN THIS SECTION, “CARRIER” MEANS:**4 **(1) AN INSURER;**5 **(2) A NONPROFIT HEALTH SERVICE PLAN; OR**6 **(3) A HEALTH MAINTENANCE ORGANIZATION.**

7 **(B) A LIFE INSURANCE OR HEALTH INSURANCE POLICY OR ANNUITY**
8 **CONTRACT MAY NOT BE SOLD, DELIVERED, OR ISSUED FOR DELIVERY IN THE**
9 **STATE IF THE POLICY OR CONTRACT CONTAINS A CLAUSE THAT PURPORTS TO**
10 **RESERVE DISCRETION TO THE CARRIER TO INTERPRET THE TERMS OF THE**
11 **POLICY OR CONTRACT OR TO PROVIDE STANDARDS OF INTERPRETATION OR**
12 **REVIEW.**

13 **(C) A CLAUSE IN A LIFE INSURANCE OR HEALTH INSURANCE POLICY OR**
14 **ANNUITY CONTRACT THAT PURPORTS TO RESERVE DISCRETION TO THE**
15 **CARRIER TO INTERPRET THE TERMS OF THE POLICY OR CONTRACT OR TO**
16 **PROVIDE STANDARDS OF INTERPRETATION OR REVIEW IS VOID AND**
17 **UNENFORCEABLE.**

18 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect**
19 **October 1, 2008.**