

# HOUSE BILL 404

C4

(8lr0049)

## **ENROLLED BILL**

—*Economic Matters / Finance*—

Introduced by **Chair, Economic Matters Committee (By Request - Departmental - Insurance Administration, Maryland)**

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 **Insurance Fraud - Required Disclosure Statements**

3 FOR the purpose of requiring insurers to disclose certain information regarding  
4 insurance fraud in a certain manner on certain applications for insurance, ~~claim~~  
5 ~~forms, and payments;~~ and certain claim forms; providing that the lack of a  
6 certain statement does not constitute a defense in certain proceedings;  
7 providing a ~~certain exception~~ certain exceptions to a certain disclosure  
8 requirement; ~~providing for the application of this Act~~ requiring certain insurers  
9 to comply with this Act on or before a certain date; *defining a certain term;* and  
10 generally relating to insurance fraud.

11 BY renumbering

12 Article - Insurance

13 Section 27-805

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#### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

*Italics* indicate opposite chamber / conference committee amendments.



1 to be Section 27–806  
 2 Annotated Code of Maryland  
 3 (2006 Replacement Volume and 2007 Supplement)

4 BY adding to  
 5 Article – Insurance  
 6 Section 27–805  
 7 Annotated Code of Maryland  
 8 (2006 Replacement Volume and 2007 Supplement)

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 10 MARYLAND, That Section(s) 27–805 of Article – Insurance of the Annotated Code of  
 11 Maryland be renumbered to be Section(s) 27–806.

12 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
 13 read as follows:

14 **Article – Insurance**

15 **27–805.**

16 **(A) IN THIS SECTION, “CLAIM FORM” MEANS ANY DOCUMENT SUPPLIED**  
 17 **BY AN INSURER TO A CLAIMANT THAT A CLAIMANT IS REQUIRED TO COMPLETE**  
 18 **AND SUBMIT IN SUPPORT OF A CLAIM FOR BENEFITS.**

19 ~~**(A) (B) (1) ALL EXCEPT AS PROVIDED IN SUBSECTION (B) (C) OF**~~  
 20 ~~**THIS SECTION, ALL APPLICATIONS FOR INSURANCE AND ALL CLAIM FORMS,**~~  
 21 ~~**REGARDLESS OF THE FORM OF TRANSMISSION, PROVIDED AND REQUIRED BY**~~  
 22 ~~**AN INSURER OR REQUIRED BY LAW AS A CONDITION OF PAYMENT OF A CLAIM,**~~  
 23 ~~**SHALL CONTAIN A THE FOLLOWING STATEMENT, PERMANENTLY AFFIXED TO**~~  
 24 ~~**THE APPLICATION OR CLAIM FORM, THAT CLEARLY STATES IN SUBSTANCE THE**~~  
 25 ~~**FOLLOWING OR A SUBSTANTIALLY SIMILAR STATEMENT:**~~

26 ~~**“IT IS A CRIME TO KNOWINGLY PROVIDE, OR TO KNOWINGLY ASSIST,**~~  
 27 ~~**ABET, OR CONSPIRE WITH ANOTHER TO PROVIDE FALSE, INCOMPLETE, OR**~~  
 28 ~~**MISLEADING INFORMATION TO AN INSURANCE COMPANY WITH INTENT TO**~~  
 29 ~~**INJURE, DEFRAUD, OR DECEIVE THE COMPANY OR ANY OTHER PERSON.**~~  
 30 ~~**PENALTIES INCLUDE IMPRISONMENT, FINES, AND DENIAL OF INSURANCE**~~  
 31 ~~**BENEFITS.”**~~

32 **“ANY PERSON WHO KNOWINGLY AND WILLFULLY PRESENTS A FALSE OR**  
 33 **FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR WHO KNOWINGLY**  
 34 **AND WILLFULLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR**

1 INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND  
 2 CONFINEMENT IN PRISON.”

3 (2) THE LACK OF THE STATEMENT REQUIRED BY PARAGRAPH (1)  
 4 OF THIS SUBSECTION DOES NOT CONSTITUTE A DEFENSE IN ANY LEGAL  
 5 PROCEEDING.

6 ~~(B)~~ (C) SUBSECTION (A)(1) (B)(1) OF THIS SECTION DOES NOT APPLY  
 7 TO:

8 (1) REINSURANCE APPLICATIONS OR CLAIM FORMS; OR

9 (2) THE UNIFORM CLAIMS FORM FOR REIMBURSEMENT OF  
 10 HOSPITAL SERVICES OR THE UNIFORM CLAIMS FORM FOR REIMBURSEMENT OF  
 11 HEALTH CARE PRACTITIONERS SERVICES ADOPTED BY THE COMMISSIONER  
 12 UNDER § 15-1003 OF THIS ARTICLE.

13 ~~(B) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, ALL~~  
 14 ~~PAYMENTS, IN WHATEVER FORM MADE PURSUANT TO A CLAIM, SHALL CONTAIN~~  
 15 ~~A STATEMENT, PERMANENTLY AFFIXED TO THE INSTRUMENT AT OR NEAR THE~~  
 16 ~~AREA PROVIDED FOR PAYEE ENDORSEMENT, THAT CLEARLY STATES IN~~  
 17 ~~SUBSTANCE THE FOLLOWING:~~

18 ~~“BY ENDORSEMENT OF THIS CHECK, THE PAYEE, UNDER PENALTY~~  
 19 ~~OF FINE OR IMPRISONMENT, OR BOTH, CERTIFIES (1) ENTITLEMENT TO THIS~~  
 20 ~~PAYMENT FOR BENEFITS OR SERVICES, AND (2) THAT NO FALSE STATEMENTS~~  
 21 ~~OR REPRESENTATIONS HAVE BEEN MADE IN SUPPORT OF THE CLAIM FOR~~  
 22 ~~PAYMENT. FALSE REPRESENTATIONS COULD RESULT IN CRIMINAL~~  
 23 ~~PENALTIES.”~~

24 ~~(C) THE WARNING REQUIRED UNDER SUBSECTION (B) OF THIS SECTION~~  
 25 ~~IS NOT REQUIRED ON FORMS RELATING TO REINSURANCE.~~

26 SECTION 3. AND BE IT FURTHER ENACTED, That all insurers subject to  
 27 the provisions of § 27-805 of the Insurance Article, as enacted by Section 2 of this Act,  
 28 shall comply with this Act on or before April 1, 2009.

29 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 30 October 1, 2008.