

HOUSE BILL 404

C4

8lr0049

By: **Chair, Economic Matters Committee (By Request – Departmental – Insurance Administration, Maryland)**
Introduced and read first time: January 28, 2008
Assigned to: Economic Matters

A BILL ENTITLED

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; providing a certain exception to a certain disclosure
6 requirement; providing for the application of this Act; and generally relating to
7 insurance fraud.

8 BY renumbering

9 Article – Insurance
10 Section 27–805
11 to be Section 27–806
12 Annotated Code of Maryland
13 (2006 Replacement Volume and 2007 Supplement)

14 BY adding to

15 Article – Insurance
16 Section 27–805
17 Annotated Code of Maryland
18 (2006 Replacement Volume and 2007 Supplement)

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

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

24 **Article – Insurance**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **27-805.**

2 (A) (1) ALL APPLICATIONS FOR INSURANCE AND ALL CLAIM FORMS,
3 REGARDLESS OF THE FORM OF TRANSMISSION, PROVIDED AND REQUIRED BY
4 AN INSURER OR REQUIRED BY LAW AS A CONDITION OF PAYMENT OF A CLAIM,
5 SHALL CONTAIN A STATEMENT, PERMANENTLY AFFIXED TO THE APPLICATION
6 OR CLAIM FORM, THAT CLEARLY STATES IN SUBSTANCE THE FOLLOWING:

7 “IT IS A CRIME TO KNOWINGLY PROVIDE, OR TO KNOWINGLY ASSIST,
8 ABET, OR CONSPIRE WITH ANOTHER TO PROVIDE FALSE, INCOMPLETE, OR
9 MISLEADING INFORMATION TO AN INSURANCE COMPANY WITH INTENT TO
10 INJURE, DEFRAUD, OR DECEIVE THE COMPANY OR ANY OTHER PERSON.
11 PENALTIES INCLUDE IMPRISONMENT, FINES, AND DENIAL OF INSURANCE
12 BENEFITS.”

13 (2) THE LACK OF THE STATEMENT REQUIRED BY PARAGRAPH (1)
14 OF THIS SUBSECTION DOES NOT CONSTITUTE A DEFENSE IN ANY LEGAL
15 PROCEEDING.

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

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

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

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

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