

Chapter 155

(House Bill 1085)

AN ACT concerning

~~Life or Health~~ Disability Insurance Policies and Annuity Contracts – Discretionary Clauses – Prohibition

FOR the purpose of prohibiting the use of certain clauses in ~~certain life or health~~ disability insurance policies ~~or annuity contracts~~; ~~providing that certain clauses in certain insurance policies or annuity contracts are void and unenforceable~~; defining a certain term; ~~providing for the application of this Act~~; and generally relating to ~~life or health~~ disability insurance policies ~~and annuity contracts~~.

~~BY adding to~~

~~Article – Health – General
Section 19-706(kkkk)
Annotated Code of Maryland
(2009 Replacement Volume and 2010 Supplement)~~

BY adding to

Article – Insurance
Section 12-211
Annotated Code of Maryland
(2003 Replacement Volume and 2010 Supplement)

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

~~Article – Health – General~~

~~19-706.~~

~~(kkkk) THE PROVISIONS OF § 12-211 OF THE INSURANCE ARTICLE APPLY TO HEALTH MAINTENANCE ORGANIZATIONS.~~

Article – Insurance

12-211.

(A) IN THIS SECTION, “CARRIER” MEANS:

(1) AN INSURER; OR

(2) A NONPROFIT HEALTH SERVICE PLAN; ~~OR~~

~~(3) A HEALTH MAINTENANCE ORGANIZATION.~~

(B) ~~A LIFE INSURANCE OR HEALTH~~ DISABILITY INSURANCE POLICY OR ANNUITY CONTRACT MAY NOT BE SOLD, DELIVERED, OR ISSUED FOR DELIVERY IN THE STATE BY A CARRIER IF THE POLICY ~~OR CONTRACT~~ CONTAINS A CLAUSE THAT PURPORTS TO RESERVE SOLE DISCRETION TO THE CARRIER TO INTERPRET THE TERMS OF THE POLICY ~~OR CONTRACT~~ OR TO PROVIDE STANDARDS OF INTERPRETATION OR REVIEW THAT ARE INCONSISTENT WITH THE LAWS OF THE STATE.

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

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to disability insurance policies sold, delivered, issued for delivery, or renewed in the State on or after October 1, 2011.

SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2011.

Approved by the Governor, April 12, 2011.