

## Chapter 431

**(Senate Bill 168)**

AN ACT concerning

**Life Insurance – Life of a Minor – Underwriting Standards and Procedures**

FOR the purpose of authorizing a life insurer to refuse an application for a policy of life insurance on the life of a minor only under certain circumstances; requiring that an application for a policy of life insurance on the life of a minor include a certain consent and certain signatures; requiring a life insurer to include on a certain application or endorsement a certain statement; ~~requiring a life insurer to have justification for underwriting and issuing a life insurance policy on the life of a minor;~~ requiring a life insurer to take certain actions as part of ~~the life insurer's underwriting process and standards~~ certain standards and procedures for policy application and acceptance for policies of life insurance on the life of a minor; ~~requiring a life insurer to provide to the Maryland Insurance Commissioner on request certain documentation to support a certain justification;~~ requiring a life insurer to take certain actions if an application for a policy of life insurance on the life of a minor is for a policy with a benefit of a certain amount and issued in a certain manner; requiring a life insurer, for certain applications rejected by the insurer, to maintain for a certain period of time a file containing certain information; requiring a life insurer to obtain and keep certain records demonstrating that the applicant for a policy of life insurance on a minor has a certain insurable interest; ~~requiring a certain antifraud plan instituted and maintained by a life insurer under certain provisions of law to include certain underwriting standards and procedures;~~ providing for the application of this Act; providing for a delayed effective date; and generally relating to policies of life insurance on the lives of minors.

BY adding to

Article – Insurance

Section 16-119 ~~and 27-803.1~~

Annotated Code of Maryland

(2017 Replacement Volume)

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

**Article – Insurance****16-119.**

**(A) (1) A LIFE INSURER MAY REFUSE AN APPLICATION FOR A POLICY OF LIFE INSURANCE ON THE LIFE OF A MINOR ONLY IF THE ~~COMBINED LIFE INSURANCE IN FORCE UNDER POLICIES ISSUED BY THE LIFE INSURER AND THE LIFE INSURER'S~~**

~~AFFILIATES WOULD EXCEED THE LIFE INSURER'S MAXIMUM ALLOWABLE COVERAGE FOR A MINOR~~ REFUSAL IS CONSISTENT WITH § 27-501(A)(2) OF THIS ARTICLE.

(2) AN APPLICATION FOR A POLICY OF LIFE INSURANCE ON THE LIFE OF A MINOR THAT IS SUBMITTED FOR UNDERWRITING SHALL INCLUDE:

(I) THE SIGNATURE OF THE APPLICANT; AND

(II) UNLESS THE MINOR IS EMANCIPATED OR MARRIED, THE CONSENT AND SIGNATURE OF THE PARENT OR LEGAL GUARDIAN WITH WHOM THE MINOR RESIDES; ~~AND~~

~~(III) IF THE MINOR IS AT LEAST 15 YEARS OLD AND NOT INCAPACITATED, THE SIGNATURE OF THE MINOR.~~

(3) THE LIFE INSURER SHALL INCLUDE ON THE FIRST PAGE OF THE APPLICATION FOR A POLICY OF LIFE INSURANCE ON THE LIFE OF A MINOR OR ON AN ENDORSEMENT TO THE POLICY THE FOLLOWING STATEMENT IN 12 POINT BOLD TYPE:

“A PERSON WHO FELONIOUSLY AND INTENTIONALLY KILLS, CONSPIRES TO KILL, OR PROCURES THE KILLING OF THE INSURED AND WHO IS A NAMED BENEFICIARY OF A LIFE INSURANCE POLICY ON THE INSURED IS NOT ENTITLED TO A BENEFIT UNDER THE POLICY.”.

~~(B) (1) A LIFE INSURER SHALL HAVE JUSTIFICATION FOR UNDERWRITING AND ISSUING A LIFE INSURANCE POLICY ON THE LIFE OF A MINOR.~~

~~(2) (B)~~ AS PART OF THE LIFE INSURER'S ~~UNDERWRITING PROCESS AND STANDARDS~~ WRITTEN STANDARDS AND PROCEDURES FOR POLICY APPLICATION AND ACCEPTANCE, THE LIFE INSURER SHALL:

~~(1)~~ (1) REQUEST THAT THE APPLICANT FOR A POLICY OF LIFE INSURANCE ON THE LIFE OF A MINOR IDENTIFY THE AMOUNT OF OTHER LIFE INSURANCE COVERAGE ON THE LIFE OF THE MINOR THAT IS IN FORCE OR PENDING AT THE TIME OF THE APPLICATION;

~~(2)~~ (2) DOCUMENT THE APPLICANT'S RESPONSE ON THE APPLICATION; AND

~~(3)~~ (3) TAKE REASONABLE STEPS TO VERIFY THE AMOUNT OF OTHER LIFE INSURANCE IN FORCE OR PENDING.

~~(3) ON REQUEST, THE LIFE INSURER SHALL PROVIDE TO THE COMMISSIONER DOCUMENTATION FROM THE LIFE INSURER'S RECORDS AND FILES TO SUPPORT THE LIFE INSURER'S UNDERWRITING JUSTIFICATION.~~

(C) IF AN APPLICATION FOR A LIFE INSURANCE POLICY ON THE LIFE OF A MINOR IS FOR A POLICY THAT HAS A BENEFIT OF \$50,000 OR LESS AND IS ISSUED WITHOUT UNDERWRITING, THE LIFE INSURER SHALL:

(1) REQUEST THAT THE APPLICANT FOR A POLICY OF LIFE INSURANCE ON THE LIFE OF A MINOR IDENTIFY THE AMOUNT, IF ANY, OF OTHER LIFE INSURANCE COVERAGE ON THE LIFE OF THE MINOR THAT IS IN FORCE OR PENDING AT THE TIME OF THE APPLICATION;

(2) DOCUMENT THE APPLICANT'S RESPONSE ON THE APPLICATION;

(3) TAKE REASONABLE STEPS TO VERIFY THE TOTAL AMOUNT OF LIFE INSURANCE IN FORCE OR PENDING; AND

(4) DOCUMENT THE STEPS TAKEN ON A PARTICULAR APPLICATION TO VERIFY THE TOTAL AMOUNT OF LIFE INSURANCE IN FORCE OR PENDING; ~~AND~~

~~(5) MAKE THE DOCUMENTATION REQUIRED UNDER THIS SUBSECTION AVAILABLE TO THE COMMISSIONER ON REQUEST.~~

(D) (1) FOR EACH APPLICATION FOR A POLICY OF LIFE INSURANCE ON THE LIFE OF A MINOR THAT IS REJECTED BY A LIFE INSURER, THE LIFE INSURER SHALL MAINTAIN AT THE LIFE INSURER'S HOME OR PRINCIPAL OFFICE, FOR AT LEAST 3 YEARS AFTER THE DATE THE APPLICATION WAS SIGNED BY THE APPLICANT, A COMPLETE FILE CONTAINING:

(I) THE ORIGINAL SIGNED APPLICATION;

(II) THE LIFE INSURER'S UNDERWRITING ANALYSIS;

(III) ANY CORRESPONDENCE WITH THE APPLICANT; AND

(IV) ANY OTHER DOCUMENTS PERTINENT TO THE DECISION TO REJECT THE APPLICATION.

(2) THE LIFE INSURER SHALL OBTAIN AND KEEP RECORDS SUFFICIENT TO DEMONSTRATE THAT THE APPLICANT FOR A POLICY OF LIFE INSURANCE ON THE LIFE OF A MINOR HAS AN INSURABLE INTEREST IN THE LIFE OF THE MINOR IN ACCORDANCE WITH § 12-201 OF THIS ARTICLE.

~~27-803.1.~~

~~AN ANTI-FRAUD PLAN INSTITUTED AND MAINTAINED BY A LIFE INSURER UNDER § 27-803 OF THIS SUBTITLE SHALL INCLUDE UNDERWRITING STANDARDS AND PROCEDURES FOR DETECTING AND PREVENTING THE PURCHASE OF LIFE INSURANCE ON THE LIVES OF MINORS FOR FRAUDULENT PURPOSES.~~

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all policies of life insurance on the life of a minor issued or delivered in the State on or after January 1, 2019.

SECTION ~~2.~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect ~~October 1, 2018~~ January 1, 2019.

**Approved by the Governor, May 8, 2018.**