

SENATE BILL 168

C4

8lr2141
CF HB 27

By: ~~Senator Feldman~~ **Senators Feldman, Benson, Mathias, Oaks, and Rosapepe**

Introduced and read first time: January 15, 2018

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 16, 2018

CHAPTER _____

1 AN ACT concerning

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

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

24 BY adding to

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.



1 Article – Insurance
 2 Section 16-119 ~~and 27-803.1~~
 3 Annotated Code of Maryland
 4 (2017 Replacement Volume)

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

7 **Article – Insurance**

8 **16-119.**

9 (A) (1) A LIFE INSURER MAY REFUSE AN APPLICATION FOR A POLICY OF
 10 LIFE INSURANCE ON THE LIFE OF A MINOR ONLY IF THE ~~COMBINED LIFE INSURANCE~~
 11 ~~IN FORCE UNDER POLICIES ISSUED BY THE LIFE INSURER AND THE LIFE INSURER'S~~
 12 ~~AFFILIATES WOULD EXCEED THE LIFE INSURER'S MAXIMUM ALLOWABLE COVERAGE~~
 13 ~~FOR A MINOR~~ REFUSAL IS CONSISTENT WITH § 27-501(A)(2) OF THIS ARTICLE.

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

16 (I) THE SIGNATURE OF THE APPLICANT; AND

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

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

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

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

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

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

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

8 ~~(H)~~ **(2)** DOCUMENT THE APPLICANT'S RESPONSE ON THE
9 APPLICATION; AND

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

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

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

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

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

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

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

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

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

- 1 (I) THE ORIGINAL SIGNED APPLICATION;
- 2 (II) THE LIFE INSURER’S UNDERWRITING ANALYSIS;
- 3 (III) ANY CORRESPONDENCE WITH THE APPLICANT; AND
- 4 (IV) ANY OTHER DOCUMENTS PERTINENT TO THE DECISION TO
- 5 REJECT THE APPLICATION.

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

10 ~~27-803.1.~~

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

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

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

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.