

SENATE BILL 725

J5, C4
SB 556/20 – FIN

3lr0111

By: **Chair, Finance Committee (By Request – Departmental – Maryland Insurance Administration)**

Introduced and read first time: February 6, 2023

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Product and Service Offerings**

3 FOR the purpose of authorizing certain insurers, nonprofit health service plans, and health
4 maintenance organizations to offer and provide certain products or services in
5 conjunction with a policy at no charge or at a discounted price under certain
6 circumstances; prohibiting certain insurers, nonprofit health service plans, and
7 health maintenance organizations from increasing a premium or denying a claim
8 based on a certain action by a policyholder; and generally relating to programs and
9 services offered by insurers, nonprofit health service plans, and health maintenance
10 organizations.

11 BY repealing and reenacting, with amendments,
12 Article – Insurance
13 Section 27–209 and 27–212
14 Annotated Code of Maryland
15 (2017 Replacement Volume and 2022 Supplement)

16 BY repealing and reenacting, without amendments,
17 Article – Insurance
18 Section 27–210 and 27–211
19 Annotated Code of Maryland
20 (2017 Replacement Volume and 2022 Supplement)

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

23 **Article – Insurance**

24 27–209.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) Except as otherwise expressly provided by law, a person, including a health
2 maintenance organization, may not knowingly:

3 (1) allow, make, or offer to make a contract of life insurance or health
4 insurance or an annuity contract or an agreement as to the contract other than as plainly
5 expressed in the contract;

6 (2) pay, allow, give, or offer to pay, allow, or give directly or indirectly as
7 an inducement to the insurance or annuity:

8 (i) a rebate of premiums payable on the contract;

9 (ii) a special favor or advantage in the dividends or other benefits
10 under the contract;

11 (iii) paid employment or a contract for services of any kind; or

12 (iv) any valuable consideration or other inducement not specified in
13 the contract;

14 (3) directly or indirectly give, sell, purchase, offer or agree to give, sell, or
15 purchase, or allow as inducement to the insurance or annuity or in connection with the
16 insurance or annuity, regardless of whether specified in the policy or contract, an
17 agreement that promises returns and profits, or stocks, bonds, or other securities, or a
18 present or contingent interest in or measured by stocks, bonds, or other securities, of an
19 insurer or other corporation, association, or partnership, or dividends or profits accrued or
20 to accrue on stocks, bonds, or other securities; or

21 (4) offer, promise, or give any valuable consideration not specified in the
22 contract, except for educational materials, promotional materials, or articles of
23 merchandise that cost no more than \$50.

24 (b) A person may not make receipt of any educational materials, promotional
25 materials, or articles of merchandise under subsection (a)(4) of this section contingent on
26 the sale or purchase of insurance.

27 **(C) (1) THIS SECTION DOES NOT PROHIBIT AN INSURER, A NONPROFIT**
28 **HEALTH SERVICE PLAN, OR A HEALTH MAINTENANCE ORGANIZATION FROM**
29 **OFFERING OR PROVIDING PRODUCTS OR SERVICES IN CONJUNCTION WITH A POLICY**
30 **AT NO CHARGE OR AT A DISCOUNTED PRICE IF:**

31 **(I) 1. A. THE PRODUCTS OR SERVICES ARE OFFERED OR**
32 **PROVIDED TO EDUCATE PERSONS REGARDING, OR TO ASSESS, MONITOR, CONTROL,**
33 **OR PREVENT, RISK OF LOSS TO PERSONS; AND**

1 **B. THE RISK OF LOSS TO PERSONS IS ASSOCIATED WITH**
2 **RISKS INSURED AGAINST BY THE POLICY OR INSURANCE OR ANNUITY CONTRACT; OR**

3 **2. THE PRODUCTS OR SERVICES ARE:**

4 **A. SUBSTANTIALLY RELATED TO THE INSURANCE**
5 **PROVIDED UNDER THE POLICY OR CONTRACT; OR**

6 **B. OFFERED OR PROVIDED TO ENHANCE THE HEALTH OF**
7 **THE INSURED OR BENEFICIARY; AND**

8 **(II) THE OFFER OR PROVISION OF PRODUCTS OR SERVICES IS**
9 **AVAILABLE TO ALL POLICYHOLDERS THAT HAVE PURCHASED THE POLICY OR**
10 **CONTRACT ASSOCIATED WITH THE OFFER OR PROVISION.**

11 **(2) AN INSURER, A NONPROFIT HEALTH SERVICE PLAN, OR A HEALTH**
12 **MAINTENANCE ORGANIZATION MAY INCLUDE AN OFFER OR A PROVISION OF**
13 **PRODUCTS OR SERVICES UNDER THIS SUBSECTION IN AN APPLICABLE CONTRACT**
14 **OR FORM OR RATE FILING.**

15 **(3) (I) IF THE OFFER OR PROVISION OF SPECIFIC PRODUCTS OR**
16 **SERVICES UNDER THIS SUBSECTION IS INCLUDED IN ANY POLICY OF INSURANCE,**
17 **HEALTH MAINTENANCE ORGANIZATION CONTRACT, NONPROFIT HEALTH SERVICE**
18 **PLAN, OR ANNUITY CONTRACT, THE PRODUCTS OR SERVICES MAY NOT BE**
19 **DISCONTINUED DURING THE TERM OF THE POLICY OR CONTRACT UNLESS**
20 **DISCONTINUATION OF THE PRODUCT OR SERVICES IS:**

21 **1. CONSENTED TO IN WRITING BY THE POLICYHOLDER;**
22 **OR**

23 **2. THE RESULT OF A UNIFORM MODIFICATION UNDER §**
24 **15-1212, § 15-1309, OR § 15-1409 OF THIS ARTICLE.**

25 **(II) THIS PARAGRAPH DOES NOT PROHIBIT A CARRIER FROM**
26 **TERMINATING A CONTRACT AS OTHERWISE AUTHORIZED UNDER THIS ARTICLE.**

27 **(4) AN INSURER, A NONPROFIT HEALTH SERVICE PLAN, OR A HEALTH**
28 **MAINTENANCE ORGANIZATION MAY NOT INCREASE THE PREMIUM OR DENY A CLAIM**
29 **OF A POLICYHOLDER IF THE POLICYHOLDER ACCEPTS, REJECTS, USES, OR FAILS TO**
30 **USE A PRODUCT OR SERVICE UNDER THIS SUBSECTION.**

1 **(5) THE COMMISSIONER MAY DETERMINE BY REGULATION THE**
2 **TYPES OF PRODUCTS OR SERVICES THAT MEET THE CRITERIA IN PARAGRAPH (1) OF**
3 **THIS SUBSECTION.**

4 27–210.

5 (a) Sections 27–208 and 27–209 of this subtitle may not be construed to include
6 within the definition of discrimination or rebates any of the practices set forth in this
7 section.

8 (b) For a contract of life insurance or an annuity contract, it is not discrimination
9 or a rebate to pay bonuses to policyholders or otherwise abate their premiums wholly or
10 partly out of the surplus accumulated from nonparticipating insurance, if the bonuses or
11 abatement of premiums is fair, equitable to, and in the best interest of policyholders.

12 (c) For policies of life insurance or health insurance issued on the industrial debit,
13 preauthorized check, bank draft, or similar plans, it is not discrimination or a rebate to
14 make an allowance to policyholders who have continuously for a specified period made
15 premium payments directly to an office of the insurer or by preauthorized check, bank draft,
16 or similar plans in an amount that fairly represents the savings in collection expense.

17 (d) It is not discrimination or a rebate to readjust the rate of premium for a group
18 policy based on the loss or expense experience under the policy, at the end of any policy
19 year, retroactive only for that policy year.

20 (e) It is not discrimination or a rebate to reduce the premium rate for policies of
21 large amount, if the reduction does not exceed savings in issuance and administrative
22 expenses reasonably attributable to policies of large amount as compared with policies of
23 similar plan issued in smaller amounts.

24 (f) It is not discrimination or a rebate to issue policies of life insurance or health
25 insurance or annuity contracts on a salary savings or payroll deduction plan or other
26 distribution plan at a reduced rate reasonably commensurate with the savings made by use
27 of the plan.

28 (g) It is not discrimination or a rebate to issue policies of health insurance that
29 provide for increases in benefits to policyholders who maintain their policies continuously
30 in force without lapse for specified periods.

31 (h) (1) In this subsection, “wellness program” means a program that:

32 (i) meets the requirements of a participatory wellness program or a
33 health–contingent wellness program under § 15–509 of this article; and

34 (ii) is provided as a benefit outside of the health insurance or health
35 maintenance organization contract.

1 (2) It is not discrimination or a rebate for a carrier to provide reasonable
2 incentives to an individual who is an insured, a subscriber, or a member for participation
3 in a wellness program offered by the carrier.

4 (3) Any incentive offered for participation in a wellness program:

5 (i) shall be reasonably related to the wellness program; and

6 (ii) may not have a value that exceeds any limit established in
7 regulations adopted by the Commissioner.

8 (4) The Commissioner shall adopt regulations to implement the provisions
9 of this subsection.

10 27–211.

11 (a) This section does not apply to:

12 (1) insurance on the life of a debtor in connection with a specific loan or
13 other credit transaction;

14 (2) insurance on a debtor that provides indemnity for payments that are
15 due on a specific loan or other credit transaction while the debtor is disabled as defined in
16 the policy; or

17 (3) life insurance or an annuity used to fund a pre–need contract as defined
18 in § 7–101 of the Health Occupations Article or a preneed burial contract as defined in §
19 5–701 of the Business Regulation Article.

20 (b) An insurer may not directly or indirectly, or by an insurance producer or
21 representative of the insurer, participate in a plan to offer or effect a kind or kinds of life
22 insurance, health insurance, or annuities in the State as an inducement to, or in
23 combination with, the purchase by the public of goods, securities, commodities, services or
24 subscriptions to periodicals.

25 27–212.

26 (a) This section does not apply to life insurance, health insurance, and annuities.

27 (b) Except to the extent provided for in an applicable filing with the
28 Commissioner as provided by law, an insurer, employee or representative of an insurer or
29 insurance producer may not pay, allow, give, or offer to pay, allow, or give directly or
30 indirectly as an inducement to insurance or after insurance has become effective:

31 (1) a rebate, discount, abatement, credit, or reduction of the premium
32 stated in the policy;

1 (2) a special favor or advantage in the dividends or other benefits to accrue
2 on the policy; or

3 (3) any valuable consideration or other inducement not specified in the
4 policy.

5 (c) An insured named in a policy or an employee of the insured may not knowingly
6 receive or accept directly or indirectly a rebate, discount, abatement, credit, reduction of
7 premium, special favor, advantage, valuable consideration, or inducement described in
8 subsection (b) of this section.

9 (d) (1) Except as otherwise provided by law, a person may not knowingly offer,
10 promise, or give any valuable consideration not specified in the policy, except for
11 educational materials, promotional materials, or articles of merchandise that cost no more
12 than \$50.

13 (2) A person may not make receipt of any educational materials,
14 promotional materials, or articles of merchandise under this subsection contingent on the
15 sale or purchase of insurance.

16 (e) (1) An insurer may not make or allow unfair discrimination between
17 insureds or properties having like insuring or risk characteristics in:

18 (i) the premium or rates charged for insurance;

19 (ii) the dividends or other benefits payable on the insurance; or

20 (iii) any of the other terms or conditions of the insurance.

21 (2) Notwithstanding any other provision of this section, an insurer may not
22 make or allow a differential in ratings, premium payments, or dividends for a reason based
23 on the sex, physical handicap, or disability of an applicant or policyholder unless there is
24 actuarial justification for the differential.

25 (f) **(1)** This section does not prohibit an insurer from:

26 **[(1)] (I)** paying commissions or other compensation to licensed insurance
27 producers;

28 **[(2)] (II)** paying commissions to licensed insurance producers on a
29 variable basis on policies issued to qualified exempt commercial policyholders, as defined
30 in § 11–206 of this article, if:

31 **[(i)] 1.** the payment of the commission to the insurance producer
32 on a variable basis results in a lower total cost of the policy to the qualified exempt
33 commercial policyholder; and

1 ~~[(ii)]~~ **2.** the insurance producer receiving the commission has
2 agreed to the specific level of commission to be paid on the policy; ~~[or]~~

3 ~~[(3)]~~ **(III)** allowing or returning to its participating policyholders,
4 members, or subscribers lawful dividends, savings, or unabsorbed premium deposits ~~[.]~~; **OR**

5 **(IV) OFFERING OR PROVIDING PRODUCTS OR SERVICES IN**
6 **CONJUNCTION WITH A POLICY AT NO CHARGE OR AT A DISCOUNTED PRICE TO**
7 **EDUCATE A PERSON REGARDING, OR TO ASSESS, MONITOR, CONTROL, OR PREVENT,**
8 **RISK OF LOSS TO PERSONS OR PROPERTY IF:**

9 **1. THE RISK OF LOSS TO PERSONS OR PROPERTY IS**
10 **ASSOCIATED WITH THE RISKS INSURED AGAINST BY THE POLICY; AND**

11 **2. THE OFFER OR PROVISION OF PRODUCTS OR**
12 **SERVICES IS AVAILABLE TO ALL POLICYHOLDERS THAT HAVE PURCHASED THE**
13 **POLICY ASSOCIATED WITH THE OFFER OR PROVISION.**

14 **(2) AN INSURER MAY INCLUDE IN AN APPLICABLE CONTRACT OR**
15 **FORM OR RATE FILING AN OFFER OR A PROVISION OF PRODUCTS OR SERVICES**
16 **UNDER THIS SUBSECTION.**

17 **(3) AN INSURER MAY NOT INCREASE THE PREMIUM OR DENY A CLAIM**
18 **OF A POLICYHOLDER IF THE POLICYHOLDER ACCEPTS, REJECTS, USES, OR FAILS TO**
19 **USE A PRODUCT OR SERVICE UNDER THIS SUBSECTION.**

20 **(4) THE COMMISSIONER MAY DETERMINE BY REGULATION THE**
21 **TYPES OF PRODUCTS OR SERVICES THAT MEET THE CRITERIA IN PARAGRAPH (1)(IV)**
22 **OF THIS SUBSECTION.**

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to
24 apply only prospectively and may not be applied or interpreted to have any effect on or
25 application to any policies, contracts, and health benefit plans issued, delivered, or renewed
26 in the State before the effective date of this Act.

27 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
28 1, 2023.