Chapter 396

(House Bill 1069)

AN ACT concerning

Life and Health Insurance Policies and Annuity <u>and Health Maintenance Organization</u> Contracts – Discretionary Clauses – Prohibition

FOR the purpose of prohibiting the use of discretionary clauses in health insurance policies, life insurance policies, ~~and~~ annuity contracts<u>, and health maintenance organization contracts</u>; and generally relating to life and health insurance policies and annuity <u>and health maintenance organization</u> contracts.

BY adding to
    Article – Health – General
    Section 19–706(q)
    Annotated Code of Maryland
    (2023 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,
    Article – Insurance
    Section 12–211
    Annotated Code of Maryland
    (2017 Replacement Volume and 2024 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.

    (Q)   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 **HEALTH INSURANCE POLICY, A LIFE INSURANCE POLICY, AN ANNUITY CONTRACT,** <u>**A HEALTH MAINTENANCE ORGANIZATION CONTRACT,**</u> **OR A** disability insurance policy may not be sold, delivered, or issued for delivery in the State by a carrier if the policy contains a clause that purports to reserve sole discretion to the carrier to interpret the terms of the policy or to provide standards of interpretation or review that are inconsistent with the laws of the State.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all policies, contracts, and health benefit plans issued, delivered, or renewed in the State on or after January 1, 2026.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2025.

Approved by the Governor, May 6, 2025.