

HOUSE BILL 1069

C4, J5, J4

5lr2685

By: **Delegates Woorman and Kaufman**

Introduced and read first time: February 5, 2025

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Life and Health Insurance Policies and Annuity Contracts – Discretionary**
3 **Clauses – Prohibition**

4 FOR the purpose of prohibiting the use of discretionary clauses in health insurance policies,
5 life insurance policies, and annuity contracts; and generally relating to life and
6 health insurance policies and annuity contracts.

7 BY adding to

8 Article – Health – General

9 Section 19–706(q)

10 Annotated Code of Maryland

11 (2023 Replacement Volume and 2024 Supplement)

12 BY repealing and reenacting, with amendments,

13 Article – Insurance

14 Section 12–211

15 Annotated Code of Maryland

16 (2017 Replacement Volume and 2024 Supplement)

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

19 **Article – Health – General**

20 19–706.

21 **(Q) THE PROVISIONS OF § 12–211 OF THE INSURANCE ARTICLE APPLY TO**
22 **HEALTH MAINTENANCE ORGANIZATIONS.**

23 **Article – Insurance**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 12-211.

2 (a) In this section, “carrier” means:

3 (1) an insurer; [or]

4 (2) a nonprofit health service plan; **OR**

5 **(3) A HEALTH MAINTENANCE ORGANIZATION.**

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

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

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