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February 8, 2023

The Honorable Melony Griffith
Chair, Senate Finance Committee
3 East
Miller Senate Office Building
Annapolis, MD 21401

Senate Bill 212 – Genetic Testing – Prohibitions on Disability, Life, and Long-Term Care Insurance and Educational Materials (Genetic Testing Protection Act of 2023)

Dear Chairman Griffith,

The League of Life and Health Insurers of Maryland, Inc. respectfully **opposes** *Senate Bill 212 – Genetic Testing – Prohibitions on Disability, Life, and Long-Term Care Insurance and Educational Materials (Genetic Testing Protection Act of 2023)* and urges the committee to give the bill an unfavorable report.

It is critical to understand that underwriting is a fundamental principle that keeps insurance affordable. A life insurer has only one opportunity to evaluate risk before a policy is issued and remains in place for *decades* or more. Once a policy is in place, an insurer cannot cancel it or raise premiums because of subsequent health information or test results. Proper risk classification ensures the solvency of insurers and their ability to pay claims for all policyholders. For this reason, it is very important that life insurers have access to accurate and complete information about an applicant's health, including their full medical record, which may include genetic information and family medical history. It is also important to note that no life insurance company would ever request that a potential beneficiary take a genetic test. These are also voluntary products Marylanders choose to purchase.

Although genetic testing is relatively new, underwriting based on family history is a long-standing practice in Maryland and in all other states. **No other state prohibits underwriting based on family medical history.**

An unintended consequence of SB 212 could be adverse selection, which occurs when an applicant has information—such as genetic information—that increases their risk, but they do not disclose that information to the insurer. This results in the insurer assigning the applicant to a lower risk pool than it would if it had all relevant information. Adverse selection may lead to increased premiums for *all* risk

classes and decreased availability of coverage. To avoid adverse selection, there must be a level playing field of information between the applicant and the insurer.

Advances in genetic science are improving health care in America, by giving doctors a better picture of their patients' true medical conditions. These advances improve doctors' ability to treat their patients; they also empower consumers to better control their health and their lives overall. To the extent that genetic testing provides the opportunity for a patient to undergo preventive or ongoing medical care to address a previously unknown condition, insurers may incorporate these results into their underwriting to benefit policyholders.

League members are committed to a robust and competitive insurance market that offers a variety of products that are affordable and meet consumers' insurance needs. Life insurance companies have been able to provide affordable coverage because applicants have shared with consent their complete medical records. It only makes sense that if a life insurance company is going to make a long-term promise, it knows an applicant's true health condition.

Maryland consumers have long benefitted from the accuracy, transparency, and confidentiality in the underwriting process. Prohibitions such as those contained in SB 212 would result in higher prices and fewer choices for Maryland consumers.

Maryland has a robust marketplace that enables competition and affordable options. Life insurance continues to be the most utilized retirement security approach, and SB 212 has the potential to upset the market in such a fashion that Marylanders that rely on their affordable life insurance product for long term financial peace of mind for themselves and their families might find more limited choice of products.

For these reasons, the League urges the committee to give Senate Bill 212 an unfavorable report.

Very truly yours,

A handwritten signature in black ink, appearing to read "Matthew Celentano", with a long horizontal flourish extending to the right.

Matthew Celentano
Executive Director

cc: Members, Senate Finance Committee