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Health and Government
Operations Committee



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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

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Health and Government Operations Committee
Chair Delegate Joseline A. Pena-Melnyk
Vice Chair Delegate Bonnie Cullison
240 House Office Building
Annapolis, MD 21401

Dear Chair, Vice Chair, and Members of the Health and Government Operations Committee:

Thank you for the opportunity to present House Bill 1069, a bill that builds on Maryland's longstanding commitment to consumer protection. This bill ensures that Marylanders receive fair treatment when filing insurance claims—without insurers having the final say over their own decisions.

This issue has been championed before—by none other than our committee chair, Delegate Peña-Melnyk, who introduced legislation that passed into law to ban discretionary clauses back in 2011. Thanks to her leadership, Maryland made significant progress by eliminating these clauses in health insurance policies. Today, we have the opportunity to finish one of the many things she started and expand these critical protections to life insurance, annuity, and disability insurance policies, ensuring fairness across the board.

Discretionary clauses tilt the playing field in favor of insurers, allowing them to interpret their own policies and decide whether a claim should be paid. This means that even if a Marylander has paid their premiums on time and upheld their end of the contract, they can still be denied benefits—without a fair way to challenge that decision.

HB1069 corrects this imbalance by prohibiting these clauses in all health insurance, life insurance, annuity, and disability insurance policies, ensuring that claim disputes are resolved based on Maryland law—not on the subjective interpretation of the insurance company.

While insurers may argue that discretionary clauses help with efficiency, the reality is that they strip policyholders of their ability to hold insurers accountable. A contract should be a two-way street, and Marylanders deserve the right to a fair and impartial review when their benefits are on the line.

What This Bill Does:

- ✓ **Closes the loophole.** The 2011 reform applied to health insurance, but insurers have continued to use discretionary clauses in other policies. This bill ends that practice.
- ✓ **Ensures fairness.** Claims should be reviewed under Maryland law, not based on an insurer's own self-serving interpretation.
- ✓ **Protects all Marylanders.** This bill expands protections to life insurance, annuities, disability insurance, and Health Maintenance Organizations (HMOs).

This is a simple issue of fairness. No one should have to fight an uphill battle just to receive the benefits they rightfully paid for. HB1069 ensures that Marylanders receive a fair and transparent process, free from insurer-controlled decision-making.

I urge a **favorable report** on HB1069, and I thank you for your time and consideration.