

HOUSE BILL 1784

C4

8lr3607

By: **Delegate Cullison**

Introduced and read first time: March 1, 2018

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Life Insurance – Sale by Telephone**

3 FOR the purpose of providing that an insurance producer that sells a policy of life insurance
4 solely by telephone is deemed to be in compliance with a certain requirement if the
5 life insurer issuing the policy sends certain notice in a certain manner within a
6 certain period of time and notifies the insured that the insured may surrender the
7 policy within a certain period of time, the face amount of the policy does not exceed
8 a certain amount, a certain license number was disclosed during the telephone call,
9 and the life insurer maintains a certain recording for a certain period of time;
10 providing for the application of this Act; and generally relating to the sale of life
11 insurance by telephone.

12 BY adding to
13 Article – Insurance
14 Section 16–119
15 Annotated Code of Maryland
16 (2017 Replacement Volume)

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

19 **Article – Insurance**

20 **16–119.**

21 **(A) THIS SECTION DOES NOT APPLY TO:**

22 **(1) AN INDIVIDUAL ANNUITY CONTRACT;**

23 **(2) A GROUP ANNUITY CONTRACT;**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(3) CREDIT LIFE INSURANCE;**

2 **(4) GROUP LIFE INSURANCE;**

3 **(5) A LIFE INSURANCE POLICY ISSUED IN CONNECTION WITH A**
4 **PENSION AND WELFARE PLAN AS DEFINED BY AND SUBJECT TO THE FEDERAL**
5 **EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 (ERISA); OR**

6 **(6) VARIABLE LIFE INSURANCE UNDER WHICH THE AMOUNT OR**
7 **DURATION OF THE LIFE INSURANCE VARIES ACCORDING TO THE INVESTMENT**
8 **EXPERIENCE OF A SEPARATE ACCOUNT.**

9 **(B) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE, IF A**
10 **POLICY OF LIFE INSURANCE IS SOLD SOLELY BY TELEPHONE, AN INSURANCE**
11 **PRODUCER IS DEEMED TO BE IN COMPLIANCE WITH COMAR 31.09.05.04 C.(3) IN**
12 **EFFECT AS OF JANUARY 1, 2018, IF:**

13 **(1) WITHIN 7 CALENDAR DAYS AFTER THE DATE OF THE SALE, THE**
14 **LIFE INSURER THAT IS ISSUING THE POLICY SENDS THE REQUIRED NOTICE TO THE**
15 **INSURED BY A FIRST-CLASS MAIL TRACKING METHOD;**

16 **(2) THE LIFE INSURER NOTIFIES THE INSURED THAT THE INSURED**
17 **MAY SURRENDER THE LIFE INSURANCE POLICY WITHIN 30 DAYS AFTER THE DATE**
18 **THE POLICY IS DELIVERED TO THE INSURED;**

19 **(3) THE FACE AMOUNT OF THE LIFE INSURANCE POLICY DOES NOT**
20 **EXCEED \$100,000;**

21 **(4) THE LICENSE NUMBER ASSIGNED TO THE INSURANCE PRODUCER**
22 **BY THE COMMISSIONER WAS DISCLOSED DURING THE TELEPHONE CALL; AND**

23 **(5) THE LIFE INSURER MAINTAINS A RECORDING OF THE TELEPHONE**
24 **CALL FOR AS LONG AS THE LIFE INSURANCE POLICY REMAINS IN FORCE, PLUS 5**
25 **YEARS.**

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
27 policies of life insurance sold by telephone on or after October 1, 2018.

28 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 October 1, 2018.