

SENATE BILL 168

C4

8lr2141
CF HB 27

By: **Senator Feldman**

Introduced and read first time: January 15, 2018

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Life Insurance – Life of a Minor – Underwriting Standards and Procedures**

3 FOR the purpose of authorizing a life insurer to refuse an application for a policy of life
4 insurance on the life of a minor under certain circumstances; requiring that an
5 application for a policy of life insurance on the life of a minor include a certain
6 consent and certain signatures; requiring a life insurer to include on a certain
7 application a certain statement; requiring a life insurer to have justification for
8 underwriting and issuing a life insurance policy on the life of a minor; requiring a
9 life insurer to take certain actions as part of the life insurer's underwriting process
10 and standards for policies of life insurance on the life of a minor; requiring a life
11 insurer to provide to the Maryland Insurance Commissioner on request certain
12 documentation to support a certain justification; requiring a life insurer to take
13 certain actions if an application for a policy of life insurance on the life of a minor is
14 for a policy with a benefit of a certain amount and issued in a certain manner;
15 requiring a life insurer, for certain applications rejected by the insurer, to maintain
16 for a certain period of time a file containing certain information; requiring a life
17 insurer to obtain and keep certain records demonstrating that the applicant for a
18 policy of life insurance on a minor has a certain insurable interest; requiring a
19 certain antifraud plan instituted and maintained by a life insurer under certain
20 provisions of law to include certain underwriting standards and procedures; and
21 generally relating to policies of life insurance on the lives of minors.

22 BY adding to
23 Article – Insurance
24 Section 16–119 and 27–803.1
25 Annotated Code of Maryland
26 (2017 Replacement Volume)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1

Article – Insurance

2 16-119.

3 (A) (1) A LIFE INSURER MAY REFUSE AN APPLICATION FOR A POLICY OF
4 LIFE INSURANCE ON THE LIFE OF A MINOR IF THE COMBINED LIFE INSURANCE IN
5 FORCE UNDER POLICIES ISSUED BY THE LIFE INSURER AND THE LIFE INSURER'S
6 AFFILIATES WOULD EXCEED THE LIFE INSURER'S MAXIMUM ALLOWABLE COVERAGE
7 FOR A MINOR.

8 (2) AN APPLICATION FOR A POLICY OF LIFE INSURANCE ON THE LIFE
9 OF A MINOR THAT IS SUBMITTED FOR UNDERWRITING SHALL INCLUDE:

10 (I) THE SIGNATURE OF THE APPLICANT;

11 (II) UNLESS THE MINOR IS EMANCIPATED OR MARRIED, THE
12 CONSENT AND SIGNATURE OF THE PARENT OR LEGAL GUARDIAN WITH WHOM THE
13 MINOR RESIDES; AND

14 (III) IF THE MINOR IS AT LEAST 15 YEARS OLD AND NOT
15 INCAPACITATED, THE SIGNATURE OF THE MINOR.

16 (3) THE LIFE INSURER SHALL INCLUDE ON THE FIRST PAGE OF THE
17 APPLICATION FOR A POLICY OF LIFE INSURANCE ON THE LIFE OF A MINOR THE
18 FOLLOWING STATEMENT IN 12 POINT BOLD TYPE:

19 "A PERSON WHO FELONIOUSLY AND INTENTIONALLY KILLS, CONSPIRES TO
20 KILL, OR PROCURES THE KILLING OF THE INSURED AND WHO IS A NAMED
21 BENEFICIARY OF A LIFE INSURANCE POLICY ON THE INSURED IS NOT ENTITLED TO
22 A BENEFIT UNDER THE POLICY."

23 (B) (1) A LIFE INSURER SHALL HAVE JUSTIFICATION FOR
24 UNDERWRITING AND ISSUING A LIFE INSURANCE POLICY ON THE LIFE OF A MINOR.

25 (2) AS PART OF THE LIFE INSURER'S UNDERWRITING PROCESS AND
26 STANDARDS, THE LIFE INSURER SHALL:

27 (I) REQUEST THAT THE APPLICANT FOR A POLICY OF LIFE
28 INSURANCE ON THE LIFE OF A MINOR IDENTIFY THE AMOUNT OF OTHER LIFE
29 INSURANCE COVERAGE ON THE LIFE OF THE MINOR THAT IS IN FORCE OR PENDING
30 AT THE TIME OF THE APPLICATION;

31 (II) DOCUMENT THE APPLICANT'S RESPONSE ON THE

1 APPLICATION; AND

2 (III) TAKE REASONABLE STEPS TO VERIFY THE AMOUNT OF
3 OTHER LIFE INSURANCE IN FORCE OR PENDING.

4 (3) ON REQUEST, THE LIFE INSURER SHALL PROVIDE TO THE
5 COMMISSIONER DOCUMENTATION FROM THE LIFE INSURER'S RECORDS AND FILES
6 TO SUPPORT THE LIFE INSURER'S UNDERWRITING JUSTIFICATION.

7 (C) IF AN APPLICATION FOR A LIFE INSURANCE POLICY ON THE LIFE OF A
8 MINOR IS FOR A POLICY THAT HAS A BENEFIT OF \$50,000 OR LESS AND IS ISSUED
9 WITHOUT UNDERWRITING, THE LIFE INSURER SHALL:

10 (1) REQUEST THAT THE APPLICANT FOR A POLICY OF LIFE
11 INSURANCE ON THE LIFE OF A MINOR IDENTIFY THE AMOUNT, IF ANY, OF OTHER
12 LIFE INSURANCE COVERAGE ON THE LIFE OF THE MINOR THAT IS IN FORCE OR
13 PENDING AT THE TIME OF THE APPLICATION;

14 (2) DOCUMENT THE APPLICANT'S RESPONSE ON THE APPLICATION;

15 (3) TAKE REASONABLE STEPS TO VERIFY THE TOTAL AMOUNT OF LIFE
16 INSURANCE IN FORCE OR PENDING;

17 (4) DOCUMENT THE STEPS TAKEN ON A PARTICULAR APPLICATION TO
18 VERIFY THE TOTAL AMOUNT OF LIFE INSURANCE IN FORCE OR PENDING; AND

19 (5) MAKE THE DOCUMENTATION REQUIRED UNDER THIS SUBSECTION
20 AVAILABLE TO THE COMMISSIONER ON REQUEST.

21 (D) (1) FOR EACH APPLICATION FOR A POLICY OF LIFE INSURANCE ON
22 THE LIFE OF A MINOR THAT IS REJECTED BY A LIFE INSURER, THE LIFE INSURER
23 SHALL MAINTAIN AT THE LIFE INSURER'S HOME OR PRINCIPAL OFFICE, FOR AT
24 LEAST 3 YEARS AFTER THE DATE THE APPLICATION WAS SIGNED BY THE APPLICANT,
25 A COMPLETE FILE CONTAINING:

26 (I) THE ORIGINAL SIGNED APPLICATION;

27 (II) THE LIFE INSURER'S UNDERWRITING ANALYSIS;

28 (III) ANY CORRESPONDENCE WITH THE APPLICANT; AND

29 (IV) ANY OTHER DOCUMENTS PERTINENT TO THE DECISION TO
30 REJECT THE APPLICATION.

1 **(2) THE LIFE INSURER SHALL OBTAIN AND KEEP RECORDS**
2 **SUFFICIENT TO DEMONSTRATE THAT THE APPLICANT FOR A POLICY OF LIFE**
3 **INSURANCE ON THE LIFE OF A MINOR HAS AN INSURABLE INTEREST IN THE LIFE OF**
4 **THE MINOR IN ACCORDANCE WITH § 12-201 OF THIS ARTICLE.**

5 **27-803.1.**

6 **AN ANTIFRAUD PLAN INSTITUTED AND MAINTAINED BY A LIFE INSURER**
7 **UNDER § 27-803 OF THIS SUBTITLE SHALL INCLUDE UNDERWRITING STANDARDS**
8 **AND PROCEDURES FOR DETECTING AND PREVENTING THE PURCHASE OF LIFE**
9 **INSURANCE ON THE LIVES OF MINORS FOR FRAUDULENT PURPOSES.**

10 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect**
11 **October 1, 2018.**