

# SENATE BILL 673

C4, C3

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CF 8lr3066

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By: **Senators Middleton and Astle**

Introduced and read first time: February 1, 2018

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Contracts and Policies – Educational and Promotional Materials**  
3 **and Articles of Merchandise**

4 FOR the purpose of increasing the maximum cost of educational and promotional materials  
5 and articles of merchandise that a person may offer, promise, or give as valuable  
6 consideration not specified in a contract of life insurance or health insurance or in  
7 an annuity contract; increasing the maximum cost of educational and promotional  
8 materials and articles of merchandise that a person may offer, promise, or give as  
9 valuable consideration not specified in an insurance policy that is not life insurance,  
10 health insurance, or an annuity; and generally relating to providing educational and  
11 promotional materials and articles of merchandise not specified in an insurance  
12 contract or policy.

13 BY repealing and reenacting, with amendments,  
14 Article – Insurance  
15 Section 27–209 and 27–212  
16 Annotated Code of Maryland  
17 (2017 Replacement Volume)

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

20 **Article – Insurance**

21 27–209.

22 Except as otherwise expressly provided by law, a person, including a health  
23 maintenance organization, may not knowingly:

24 (1) allow, make, or offer to make a contract of life insurance or health  
25 insurance or an annuity contract or an agreement as to the contract other than as plainly

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 expressed in the contract;

2 (2) pay, allow, give, or offer to pay, allow, or give directly or indirectly as  
3 an inducement to the insurance or annuity:

4 (i) a rebate of premiums payable on the contract;

5 (ii) a special favor or advantage in the dividends or other benefits  
6 under the contract;

7 (iii) paid employment or a contract for services of any kind; or

8 (iv) any valuable consideration or other inducement not specified in  
9 the contract;

10 (3) directly or indirectly give, sell, purchase, offer or agree to give, sell, or  
11 purchase, or allow as inducement to the insurance or annuity or in connection with the  
12 insurance or annuity, regardless of whether specified in the policy or contract, an  
13 agreement that promises returns and profits, or stocks, bonds, or other securities, or a  
14 present or contingent interest in or measured by stocks, bonds, or other securities, of an  
15 insurer or other corporation, association, or partnership, or dividends or profits accrued or  
16 to accrue on stocks, bonds, or other securities; or

17 (4) offer, promise, or give any valuable consideration not specified in the  
18 contract, except for educational materials, promotional materials, or articles of  
19 merchandise that cost no more than ~~[\$25]~~ **\$100**, regardless of whether a policy is  
20 purchased.

21 27–212.

22 (a) This section does not apply to life insurance, health insurance, and annuities.

23 (b) Except to the extent provided for in an applicable filing with the  
24 Commissioner as provided by law, an insurer, employee or representative of an insurer or  
25 insurance producer may not pay, allow, give, or offer to pay, allow, or give directly or  
26 indirectly as an inducement to insurance or after insurance has become effective:

27 (1) a rebate, discount, abatement, credit, or reduction of the premium  
28 stated in the policy;

29 (2) a special favor or advantage in the dividends or other benefits to accrue  
30 on the policy; or

31 (3) any valuable consideration or other inducement not specified in the  
32 policy.

33 (c) An insured named in a policy or an employee of the insured may not knowingly

1 receive or accept directly or indirectly a rebate, discount, abatement, credit, reduction of  
2 premium, special favor, advantage, valuable consideration, or inducement described in  
3 subsection (b) of this section.

4 (d) Except as otherwise provided by law, a person may not knowingly offer,  
5 promise, or give any valuable consideration not specified in the policy, except for  
6 educational materials, promotional materials, or articles of merchandise that cost no more  
7 than ~~[\$25]~~ **\$100**, regardless of whether a policy is purchased.

8 (e) (1) An insurer may not make or allow unfair discrimination between  
9 insureds or properties having like insuring or risk characteristics in:

- 10 (i) the premium or rates charged for insurance;
- 11 (ii) the dividends or other benefits payable on the insurance; or
- 12 (iii) any of the other terms or conditions of the insurance.

13 (2) Notwithstanding any other provision of this section, an insurer may not  
14 make or allow a differential in ratings, premium payments, or dividends for a reason based  
15 on the sex, physical handicap, or disability of an applicant or policyholder unless there is  
16 actuarial justification for the differential.

17 (f) This section does not prohibit an insurer from:

- 18 (1) paying commissions or other compensation to licensed insurance  
19 producers; or
- 20 (2) allowing or returning to its participating policyholders, members, or  
21 subscribers lawful dividends, savings, or unabsorbed premium deposits.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
23 October 1, 2018.