

SENATE BILL 111

C4

0lr0046

(PRE-FILED)

By: **Chair, Finance Committee (By Request – Departmental – Maryland Insurance Administration)**

Requested: September 16, 2019

Introduced and read first time: January 8, 2020

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: January 24, 2020

CHAPTER _____

1 AN ACT concerning

2 **Insurance – Universal and Variable Life Insurance – Notice**

3 FOR the purpose of requiring certain insurers to send a notice to policyholders of universal
4 or variable life insurance if the policy contains a provision that allows the
5 policyholder to reduce the face amount of the policy; requiring that the notice state
6 certain information; ~~authorizing the insurer to include certain information in a~~
7 ~~certain billing statement;~~ requiring that the notice be sent to a certain address at
8 certain times; providing for a delayed effective date; and generally relating to policies
9 of universal and variable life insurance.

10 BY adding to
11 Article – Insurance
12 Section 16–219
13 Annotated Code of Maryland
14 (2017 Replacement Volume and 2019 Supplement)

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

17 **Article – Insurance**

18 **16–219.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



(A) (1) IF A POLICY OF UNIVERSAL OR VARIABLE LIFE INSURANCE CONTAINS A PROVISION THAT ALLOWS A POLICYHOLDER TO REDUCE THE FACE AMOUNT OF THE POLICY, THE INSURER SHALL PROVIDE A WRITTEN NOTICE TO THE POLICYHOLDER.

(2) THE NOTICE SHALL STATE:

(I) THAT THE POLICYHOLDER'S POLICY ALLOWS FOR A REDUCTION OF THE FACE AMOUNT OF THE POLICY ~~THAT MAY REDUCE THE PREMIUM OWED~~ AS AN OPTION TO RETAIN COVERAGE;

(II) THE ~~PREMIUM~~ AMOUNT TO BE PAID TO PREVENT THE POLICY FROM LAPSE; AND

(III) THE INSURER'S CUSTOMER SERVICE TELEPHONE NUMBER.

~~(B) THE INSURER MAY INCLUDE THE INFORMATION REQUIRED UNDER SUBSECTION (A) OF THIS SECTION IN THE BILLING STATEMENT ISSUED TO THE POLICYHOLDER.~~

~~(C)~~ (B) THE NOTICE SHALL BE SENT TO A POLICYHOLDER'S LAST KNOWN ADDRESS:

(1) AT THE BEGINNING OF THE GRACE PERIOD UNDER § 16-202 OF THIS SUBTITLE; AND

(2) AT LEAST 30 DAYS BEFORE TERMINATION OF COVERAGE.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect ~~October 1, 2020~~ January 1, 2021.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.