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**BULLETIN 19-10
REPLACING BULLETIN 18-24**

To: All Life Insurance Companies

Re: Maryland HB 193, Chapter 533, (Acts 2019) - Life of a Minor –
Underwriting Standards and Procedures - §16-119 – Effective January 1,
2020

Date: July 3, 2019

The purpose of this Bulletin is to update and replace Bulletin 18-24 which was issued on December 5, 2018, and to provide further clarification on the requirements of Maryland Senate Bill 168, Chapter 431 (Acts 2018) and House Bill 193, Chapter 533 (Acts 2019). The new House Bill alters Insurance Article § 16-119, Annotated Code of Maryland and will take effect on January 1, 2020. The statute permits a life insurer to refuse an application for a life insurance policy on the life of a Minor only if the refusal is consistent with § 27-501(A)(2) which states in pertinent part:

“... [A]n insurer or insurance producer may not cancel or refuse to underwrite or renew a particular insurance risk or class of risk except by the application of standards that are reasonably related to the insurer's economic and business purposes.”

When a person applies for a policy of life insurance on the life of a minor, to comply with § 16-119, a life insurer shall include on the first page of the application, on an endorsement to the policy, or as now required by HB 193, on a disclosure provided to the applicant at time of the application, the following statement in 12 point bold type:

“A person who feloniously and intentionally kills, conspires to kill, or procures the killing of the insured and who is a named beneficiary of a life insurance policy on the insured is not entitled to a benefit under the policy.”

Insurers may file revised applications either with the Maryland Insurance Administration directly or with the Insurance Compact ("Compact"). Disclosures that are provided to the applicant at the time of application are not required to be filed and approved by the Commissioner prior to use in Maryland. The Compact issued a written advisory to provide guidance pursuant to the Individual Life Insurance Application Standards (IIPRC-L-I-APP)

at https://www.insurancecompact.org/weekly_tips/compact_applications_for_child_life_insurance.htm.

Please be advised that the Compact will not be checking forms filed for compliance with §16- 119.

An application for a policy of life insurance on the life of a minor that is submitted for underwriting shall include the signature of the applicant and unless the minor is emancipated or married, the consent and signature of the parent or legal guardian with whom the minor resides¹.

As part of the life insurer's written application standards and procedures for policy acceptance, the life insurer shall:

- (1) Request that the applicant identifies the amount, if any, of other life insurance coverage on the life of the minor that is in force or pending at the time of the application;
- (2) Document the applicant's response on the application; and
- (3) Take reasonable steps to verify the total amount of life insurance already in force or pending.

If an application for a life insurance policy on the life of a minor is for a policy that has a benefit of \$50,000 or less and is issued without underwriting, in addition to items 1, 2, and 3 above, the life insurer shall document the steps taken on a particular application to verify the total amount of life insurance in force or pending.

For each application for a policy of life insurance on the life of a minor that is rejected, the life insurer must maintain at its home or principle office for at least 3 years after the date the application was signed a complete file of the original application, underwriting analysis, correspondence with the applicant, any other documents pertaining to the decision to reject the application.

The insurer must also maintain all records sufficient to demonstrate that the applicant for a policy of life insurance on the life of a minor has an insurable interest in the life of the minor in accordance with § 12-201, of the Insurance Article, Annotated Code of Maryland.

Questions about this Bulletin may be directed to Nour Benchaaboun, Director - Life, Credit, and Annuity Review, at 410-468-2222.

AL REDMER, JR.
Commissioner

By: 

Nancy Grodin
Deputy Commissioner

¹ In some instances this could be the same person.