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BULLETIN 12-07

Date: April 27, 2012

To: Insurers, Nonprofit Health Service Plans, Health Maintenance Organizations, and Dental Plan Organizations (“Carriers”)

Re: Fraud Disclosure Statement on Insurance Applications
House Bill 301, Chapter 120, Acts of 2012

The purpose of this bulletin is to notify carriers of the passage of House Bill 301, Chapter 120, Acts of the General Assembly of Maryland of 2012 and to respond to questions that the Maryland Insurance Administration (“Administration”) has received regarding this bill. House Bill 301 becomes effective **January 1, 2013**.

House Bill 301 amends Insurance Article, §27-805, Annotated Code of Maryland. Specifically, it amends the fraud disclosure statement that is required to appear on every insurance application (except reinsurance applications) used in Maryland.

The new fraud disclosure statement required by House Bill 301 reads:

“Any person who knowingly *or* willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly *or* willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.” (emphasis supplied)

The amendments made to the above fraud disclosure statement by House Bill 301 involve the replacement of the word “and” with the word “or” and are consistent with the definition found in Insurance Article, § 27-406, Annotated Code of Maryland.

This change is a substantive change and requires that insurance applications bearing the prior fraud disclosure statement be revised. For Life and Health Insurers, Nonprofit Health Service Plans, Health Maintenance Organizations, and Dental Plan Organizations, these revised insurance application forms are required to be submitted for formal approval by the Administration. For Property and Casualty Insurers, the revisions must be made to the insurance applications; however, the revised application forms only need to be submitted for formal

approval by the Administration in accordance with Section 11-206 of the Insurance Article if the applications constitute part of a policy form.

Carriers that are currently filing new insurance applications, and which plan to use the new applications before January 1, 2013, may submit the fraud disclosure statement as variable text. The variable text will be denoted in the application by placing the text in brackets. The explanation of variables would then include the text of the fraud disclosure statement that will be used on and after January 1, 2013.

Carriers having questions about this bulletin may direct the questions to the following:

- For questions dealing with life insurance, annuity, health insurance, nonprofit health service plan, health maintenance organization or dental plan organization applications, contact the Life and Health Section at 410-468-2170.
- For questions dealing with property or casualty applications, contact the Property and Casualty Section at 410-468-2315.

Signature on original

Signature on original

Sandra Castagna
Associate Commissioner
Property & Casualty

Brenda A. Wilson
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Life & Health