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INSURANCE LAW BULLETIN

Re: **Court Holds Maryland Insurance Article Does Not Require Life Insurer To Send Premium, Grace Period Or Lapse Notices**

Reversing a final order of the Maryland Insurance Commissioner, the Circuit Court for Baltimore City recently ruled that §§ 16-201 and 16-202 of the Maryland Insurance Article do not require life insurers to send premium, grace period or lapse notices to policyholders.

After a term life insurance policy lapsed for non-payment of premium, the insured filed a complaint with the Maryland Insurance Administration, claiming the policyholder did not receive premium, grace period or lapse notices. An administrative law judge, on behalf of the Commissioner, determined §§ 16-201 and 16-202 implicitly require life insurers to send premium, grace period and lapse notices to policyholders, and found such notices were not sent. The Commissioner ordered reinstatement of the policy, and the insurer filed a petition for judicial review.

The circuit court reversed, holding that neither the plain language nor legislative history of §§ 16-201 and 16-202 supports the Commissioner's determination. The legislature only intended to require life insurers to include a grace period provision in the policy and that the policy remain in force during the grace period.

For further information, please contact **Derek B. Yarmis**, who represented the insurer in the appeal, at 410.659.7762 or dyarmis@fblaw.com. Please visit our website at www.fblaw.com.

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