

**Department of Legislative Services**  
Maryland General Assembly  
2019 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

Senate Bill 73

(Chair, Finance Committee)(By Request - Departmental -  
Maryland Insurance Administration)

Finance

Health and Government Operations

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**Insurance - Life Insurance and Annuities - Record Retention**

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This departmental bill generally requires life insurers in the State to maintain records of insurance transactions related to each individual or group life insurance policy and each individual or group annuity for at least seven years after the policy or annuity is no longer in effect.

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**Fiscal Summary**

**State Effect:** The bill does not directly affect State operations or finances.

**Local Effect:** None.

**Small Business Effect:** The Maryland Insurance Administration (MIA) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

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**Analysis**

**Current Law:** Generally, insurers and insurance professionals must maintain records of their policies, plans, accounts, or transactions. However, there are no general requirements for insurers (including life insurers) to maintain records of a policy after the policy is no longer in effect.

**Background:** Unlike other types of insurance, life insurance policies do not generally continue once a policy pays out because the covered individual is deceased. Therefore, to ensure MIA can review a life insurer's prior policies to confirm the policies have been

administered appropriately and in compliance with State law, the bill requires life insurers to maintain records of each policy after it ends for at least seven years.

MIA advises that most life insurers already maintain records for between three and seven years after the termination of a policy; therefore, the bill is not expected to have a significant administrative burden on life insurers.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - January 11, 2019  
sb/jc Third Reader - March 7, 2019

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**ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES**

**TITLE OF BILL:** Insurance – Life Insurance and Annuities – Record Retention

**BILL NUMBER:** SB 73

**PREPARED BY:**  
(Dept./Agency) Maryland Insurance Administration

**PART A. ECONOMIC IMPACT RATING**

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND  
SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND  
SMALL BUSINESSES

**PART B. ECONOMIC IMPACT ANALYSIS**

To the extent an insurer qualifies as a small business, this legislation will result in an administrative cost by requiring insurers that have life insurance and annuities business to implement a record retention policy. However, most insurers should already have an internal record retention requirement of 3 to 7 years after termination of a policy.