

tion prior to scheduled maturity date of policies; to provide for the filing of claims; to permit the insured to furnish the required amount of insurance through existing policies; to provide for judicial review; to provide penalties for violation of an order of the Insurance Commissioner; and relating generally to credit life and health insurance in this State.

SECTION 1. *Be it enacted by the General Assembly of Maryland,* That new Sections 436C through 436O, inclusive, be and they are hereby added to Article 48A of the Annotated Code of Maryland (1968 Replacement Volume and 1969 Supplement), title "Insurance Code," to follow immediately after Section 436B thereof, to be under the new subtitle 24A "Credit Life and Health Insurance," and to read as follows:

*24A. Credit Life and Health Insurance*

*436C. Purpose; Scope; Definitions.*

(a) *The purpose of this subtitle is to promote the public welfare by regulating credit life insurance and credit health insurance. Nothing in this subtitle is intended to prohibit or discourage reasonable competition. The provisions of this subtitle shall be liberally construed.*

(b) *All life insurance and all health insurance in connection with loans or other credit transactions shall be subject to the provisions of this subtitle, except such insurance in connection with a loan or other credit transaction of more than eight years' duration, nor shall insurance be subject to the provisions of this subtitle if the issuance of the insurance is an isolated transaction on the part of the insurer not related to an agreement or a plan for insuring debtors of the creditor.*

(c) (1) *"Credit life insurance" means insurance on the life of a debtor pursuant to or in connection with a specific loan or other credit transaction.*

(2) *"Credit health insurance" means insurance on a debtor to provide indemnity for payments becoming due on a specific loan or other credit transaction while the debtor is disabled as defined in the policy.*

(3) *"Creditor" means the lender of money or vendor or lessor of goods, services, or property rights or privileges, for which payment is arranged through a credit transaction, or any successor to the right, title or interest of the lender, vendor, or lessor and an affiliate, associate or subsidiary of any of them or any director, officer or employee of any of them or any other person in any way associated with any of them.*

(4) *"Debtor" means a borrower of money or a purchaser or lessee of goods, services, property, rights or privileges for which payment is arranged through a credit transaction. The term "Debtor" shall include both husband and wife where they are jointly liable under the contract of indebtedness.*

(5) *"Indebtedness" means the total amount payable by a debtor to a creditor in connection with a loan or other credit transaction.*