

(3) "ADVERSE BENEFIT DETERMINATION" MEANS:

(I) A DENIAL, REDUCTION, OR TERMINATION OF A DISABILITY BENEFIT;

(II) A FAILURE TO PROVIDE OR MAKE PAYMENT, IN WHOLE OR IN PART, FOR A DISABILITY BENEFIT; OR

(III) ANY DENIAL, REDUCTION, TERMINATION, OR FAILURE TO PROVIDE OR MAKE PAYMENT THAT IS BASED ON A DETERMINATION OF AN INDIVIDUAL'S ELIGIBILITY FOR COVERAGE OF A DISABILITY BENEFIT.

(B) (1) THE COMMISSIONER SHALL ADOPT REGULATIONS THAT ESTABLISH STANDARDS GOVERNING THE PROCESSING OF CLAIMS BY AN INSURER THAT:

(I) ISSUES OR DELIVERS INDIVIDUAL POLICIES IN THE STATE THAT INCLUDE A DISABILITY BENEFIT; OR

(II) ISSUES OR DELIVERS GROUP POLICIES IN THE STATE THAT INCLUDE A DISABILITY BENEFIT.

(2) THE REGULATIONS ADOPTED UNDER THIS SUBSECTION SHALL ESTABLISH AND MAINTAIN REASONABLE CLAIMS PROCEDURES GOVERNING THE FILING OF DISABILITY BENEFIT CLAIMS, INCLUDING:

(I) NOTIFICATION OF AN ADVERSE BENEFIT DETERMINATION; AND

(II) AN APPEAL BY AN INSURED OR THE INSURED'S AUTHORIZED REPRESENTATIVE OF AN INSURER'S ADVERSE BENEFIT DETERMINATION.

(3) THE CLAIMS PROCEDURES ESTABLISHED FOR BOTH INDIVIDUAL AND GROUP POLICIES UNDER THIS SUBSECTION SHALL BE CONSISTENT WITH THE PROVISIONS OF THE DEPARTMENT OF LABOR'S REGULATION ENTITLED "EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, RULES AND REGULATIONS FOR ADMINISTRATION AND ENFORCEMENT; CLAIMS PROCEDURE; FINAL RULE" (29 CFR 2560).

SECTION 2. AND BE IT FURTHER ENACTED, That the regulations adopted under § 15-1010(b)(1)(i) of the Insurance Article as enacted by Section 1 of this Act, governing individual disability benefit policies may not take effect until July 1, 2004.

SECTION 2-3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2003.

Approved May 13, 2003.