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INSURANCE LAW BULLETIN

Re: Life Insurer Allowed to Measure Suicide Exclusion from Date of Reinstatement

The Maryland Insurance Administration recently approved a contract form for a life insurance product that allows the insurer to measure its suicide exclusion beginning on the date of reinstatement and continuing for a full two-year contestable period following reinstatement.

The exclusion during the reinstatement contestable period: 1) is in addition to the suicide exclusion allowed during the contestable period beginning from the original Issue Date of the policy; and 2) is not measured from or limited by the original Issue Date even if the reinstatement occurs before the end of the two-year period beginning on the original Issue Date.

Insurance Article, § 16-107(b), which governs contestability during reinstatement, authorizes a reinstated policy of life insurance or a reinstated annuity contract to exclude or restrict liability to the same extent that liability might have been or was excluded or restricted when the policy or annuity contract originally was issued. The section allows the exclusion or restriction to be measured from the date of reinstatement.

Approval of the suicide exclusion, measured from the date of reinstatement, is consistent with the recommendation of the Interstate Compact National Standards Working Group of the National Association of Insurance Commissioners.

For further information, please contact Donna B. Imhoff, who represented the insurer in this matter, at 410-659-4972 or dimhoff@fblaw.com, or Ren L. Tundermann, who heads the firm's insurance regulatory group, at 410-659-7766 or rtundermann@fblaw.com. Please visit our website at www.fblaw.com.

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