

# SENATE BILL 156

C4, D3

71r0455

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By: **Senators Kelley, Colburn, Conway, Exum, Hooper, Jacobs, Jones, Miller, Mooney, and Rosapepe**

Introduced and read first time: January 25, 2007

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Insurers – Third Party Claimants – Notice of Payment to Claimant’s Attorney**

3 FOR the purpose of requiring, instead of authorizing, an insurer to provide certain  
4 notice to certain third party claimants if payment, in a certain amount, of a  
5 certain third party liability claim is made to the claimant’s attorney under  
6 certain circumstances; altering the time period within which notice must be  
7 sent to a third party claimant; making conforming changes; and generally  
8 relating to notice to third party claimants of payment by insurers to a  
9 claimant’s attorney.

10 BY repealing and reenacting, with amendments,  
11 Article – Insurance  
12 Section 4–117  
13 Annotated Code of Maryland  
14 (2003 Replacement Volume and 2006 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article – Insurance**

18 4–117.

19 (a) At the time of payment, if the payment has been specifically authorized  
20 by the claimant’s attorney, an insurer [may] **SHALL** provide written notice to a third

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 party claimant of payment of \$2,000 or more in settlement of a third party liability  
2 claim for bodily injury if:

3 (1) the claimant is an individual; and

4 (2) the payment is delivered to the claimant's attorney by check, draft,  
5 or other means.

6 (b) The notice [provided under] **REQUIRED BY** subsection (a) of this section  
7 shall be sent by regular mail [at least] **NO MORE THAN 5** working days after payment  
8 is delivered under subsection (a)(2) of this section to the claimant at the last known  
9 address of the claimant.

10 (c) The insurer may provide notice to the claimant by a copy of the letter of  
11 transmittal to the claimant's attorney.

12 (d) This section may not be construed to create:

13 (1) a cause of action for any person against an insurer based on the  
14 insurer's failure to provide the notice [under] **REQUIRED BY** this section; or

15 (2) a defense for any party against a cause of action based on the  
16 insurer's failure to provide the notice [under] **REQUIRED BY** this section.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
18 October 1, 2007.