

# SENATE BILL 450

C4  
SB 569/15 – FIN

6lr1858  
CF 6lr1859

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By: **Senators Kelley and Reilly**  
Introduced and read first time: February 2, 2016  
Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Health Care Provider Malpractice Insurance – Scope of Coverage**

3 FOR the purpose of authorizing the inclusion, in a policy that insures a health care provider  
4 against damages due to medical injury arising from providing or failing to provide  
5 health care, of coverage for the defense of a health care provider in a certain  
6 disciplinary hearing if the cost of the included coverage is itemized in a certain  
7 document and reported to the Maryland Insurance Commissioner in a certain  
8 manner; and generally relating to malpractice insurance coverage for health care  
9 providers.

10 BY repealing and reenacting, with amendments,  
11 Article – Insurance  
12 Section 19–104  
13 Annotated Code of Maryland  
14 (2011 Replacement Volume and 2015 Supplement)

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

17 **Article – Insurance**

18 19–104.

19 (a) Each policy that insures a health care provider against damages due to  
20 medical injury arising from providing or failing to provide health care shall contain  
21 provisions that:

22 (1) are consistent with the requirements of Title 3, Subtitle 2A of the  
23 Courts Article; and

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] indicate matter deleted from existing law.



1           (2) authorize the insurer, without restriction, to negotiate and effect a  
2 compromise of claims within the limits of the insurer's liability, if the entire amount settled  
3 on is to be paid by the insurer.

4           (b) (1) An insurer may make payments to or on behalf of claimants for  
5 reasonable hospital and medical costs, loss of wages, and expenses for rehabilitation  
6 services and treatment, within the limits of the insurer's liability, before a final disposition  
7 of the claim.

8           (2) A payment made under this subsection:

9                   (i) is not an admission of liability to or of damages sustained by a  
10 claimant; and

11                   (ii) does not prejudice the insurer or any other party with respect to  
12 any right, claim, or defense.

13           (c) (1) A policy issued or delivered under subsection (a) of this section may  
14 [not] include coverage for the defense of a health care provider in a disciplinary hearing  
15 arising out of the practice of the health care provider profession **IF THE COST OF THE**  
16 **INCLUDED COVERAGE IS:**

17                   **(1) ITEMIZED IN THE BILLING STATEMENT, INVOICE, OR**  
18 **DECLARATIONS PAGE FOR THE POLICY; AND**

19                   **(2) REPORTED TO THE COMMISSIONER IN A FORM AND MANNER**  
20 **REQUIRED BY THE COMMISSIONER.**

21           (2) A policy providing coverage for the defense of a health care provider in  
22 a disciplinary hearing arising out of the practice of the health care provider's profession  
23 may be offered and priced separately from a policy issued or delivered under subsection (a)  
24 of this section.

25           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
26 October 1, 2016.