

SENATE BILL 45

C4

9lr0074

(PRE-FILED)

By: **Chair, Finance Committee (By Request – Departmental – Maryland Insurance Administration)**

Requested: October 15, 2018

Introduced and read first time: January 9, 2019

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Care Provider Malpractice Insurance – Authorization to Settle –**
3 **Clarification**

4 FOR the purpose of altering the settlement provision required to be included in policies of
5 health care malpractice insurance to clarify that the insurer is authorized, without
6 restriction, to negotiate and effect a compromise of claims unless the settlement
7 amount exceeds the limits of the insurer's liability; and generally relating to
8 malpractice insurance coverage for health care providers.

9 BY repealing and reenacting, with amendments,
10 Article – Insurance
11 Section 19–104
12 Annotated Code of Maryland
13 (2017 Replacement Volume and 2018 Supplement)

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

16 **Article – Insurance**

17 19–104.

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

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

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] **UNLESS THE SETTLEMENT AMOUNT EXCEEDS** the limits
3 of the insurer's liability[, if the entire amount settled 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 include coverage for the defense of a health care provider in a disciplinary hearing arising
15 out of the practice of the health care provider profession if the cost of the included coverage
16 is:

17 (i) itemized in the billing statement, invoice, or declarations page
18 for the policy; and

19 (ii) reported to the Commissioner in a form and manner required by
20 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, 2019.