

Chapter 106

(Senate Bill 45)

AN ACT concerning

Health Care Provider Malpractice Insurance – Authorization to Settle – Clarification

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

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

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

Article – Insurance

19–104.

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

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

(2) authorize the insurer, without restriction, to negotiate and effect a compromise of claims [within] **UNLESS THE SETTLEMENT AMOUNT EXCEEDS** the limits of the insurer’s liability[, if the entire amount settled on is to be paid by the insurer].

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

(2) A payment made under this subsection:

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

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

(c) (1) A policy issued or delivered under subsection (a) of this section may include coverage for the defense of a health care provider in a disciplinary hearing arising out of the practice of the health care provider profession if the cost of the included coverage is:

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

(ii) reported to the Commissioner in a form and manner required by the Commissioner.

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

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2019.

Approved by the Governor, April 18, 2019.