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The Honorable Delores G. Kelley
3 East, Miller Senate Office Building
Annapolis, MD 21401

RE: Senate Bill 272 - Insurance - Claim Payment – Clarification - Opposed

Dear Chair Kelley and Members of the Senate Finance Committee

I am writing on behalf of the Maryland Association of Mutual Insurance Companies (MAMIC) in opposition to SB 272 - Insurance - Claim Payment – Clarification.

MAMIC is comprised of 12 mutual insurance companies that are headquartered in Maryland and neighboring states. MAMIC companies provide property and casualty insurance to their insureds. Together, MAMIC members offer a wide variety of homeowners and other insurance products, both personal and commercial, for thousands of Maryland citizens.

While MAMIC opposes SB 272 as drafted, we have examined the bill carefully and discussed its background with the Maryland Insurance Administration (MIA). We believe that the legislative intent of the bill, as we understand it, could be addressed with amendments limiting the new enforcement authority to apply only to the specific practices of certain insurers, as we understand those practices.

We are advised that the genesis of SB 272 arose from the actions of insurers with respect to the reimbursement of health care providers under health insurance policies. These actions are generally described in the Fiscal and Policy Note to SB 272, which refers to Insurance Article provisions dealing with health insurance claims. Significantly, the Fiscal Note also states that “the bill is intended to *clarify* the regulatory authority of the Commissioner to require that insurers *reprocess improperly denied claims* in accordance with their insureds’ contracts and applicable law (emphasis added).”

As drafted, SB 272 applies broadly to all lines of insurance, including property and casualty. The adjudication process for property and casualty claims is completely different than for health claims, and in many ways more complex. These claims are typically a matter of contract interpretation, negotiation and enforcement between the parties to the insurance contract: insurer and insured. This process is quite different from the reimbursement of health care providers, who are not parties to the insurance contract. Historically, the MIA has resisted opportunities to inject itself into property and casualty claims adjudication. SB 272 would grant broad authority to the MIA to do so.

MAMIC appreciates the role of the MIA in protecting Maryland insurance consumers, and it believes that the factual situation underlying SB 272 can be properly addressed with a narrowly drawn clarification in the bill, as described in the Fiscal Note, that will prevent a recurrence of the conduct that the MIA seeks to prohibit.

Very truly yours,



Bryson F. Popham

cc: Members of the Senate Finance Committee