
By: **Senators Kelley, Trotter, Pinsky, Stone, Middlebrooks, Neall, and Van Hollen**

Introduced and read first time: February 6, 1998
Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Insurers - Third Party Claimants - Notice of Payment to Claimant's**
3 **Attorney**

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

10 BY repealing and reenacting, with amendments,
11 Article - Insurance
12 Section 4-117
13 Annotated Code of Maryland
14 (1997 Volume)

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 by
20 the claimant's attorney, an insurer [may] SHALL provide written notice to a third
21 party claimant of payment of \$2,000 or more in settlement of a third party liability
22 claim for bodily injury if:

23 (1) the claimant is an individual; and

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

26 (b) The notice [provided under] REQUIRED BY subsection (a) of this section
27 shall be sent by regular mail [at least] NO MORE THAN 5 working days after payment

1 is delivered under subsection (a)(2) of this section to the claimant at the last known
2 address of the claimant.

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

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

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

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

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 October 1, 1998.