

(PRE-FILED)

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By: **Senator Teitelbaum**  
Requested: November 8, 2000  
Introduced and read first time: January 10, 2001  
Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2                           **Disability Insurance - Liability of Insurers for Penalties and Interest on**  
3                           **Disputed Claims**

4 FOR the purpose of establishing that an insurer is liable to the insured under a policy  
5 of disability insurance for a certain penalty and certain interest on a disputed  
6 claim under certain circumstances.

7 BY adding to  
8 Article - Insurance  
9 Section 15-1010  
10 Annotated Code of Maryland  
11 (1997 Volume and 2000 Supplement)

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

14                           **Article - Insurance**

15 15-1010.

16 IF AN INSURER APPEALS AN ORDER OF THE COMMISSIONER TO PAY A CLAIM TO  
17 THE INSURED UNDER A POLICY OF DISABILITY INSURANCE AND EACH COURT TO  
18 WHICH THE APPEAL IS TAKEN AFFIRMS THE ORDER OF THE COMMISSIONER TO PAY  
19 THE CLAIM, THE INSURER IS LIABLE TO THE INSURED FOR:

20                   (1) A PENALTY IN THE AMOUNT OF 10% OF THE CLAIM; AND

21                   (2) INTEREST ON THE CLAIM:

22                           (I) IN AN AMOUNT INDEXED TO THE FEDERAL RESERVE BOARD  
23 RETAIL RATE; AND

24                           (II) THAT BEGINS ACCRUING ON THE DATE THAT THE  
25 COMMISSIONER ORDERS THE INSURER TO PAY THE CLAIM.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 October 1, 2001.