

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 76
Finance

(Senator Hollinger)

Economic Matters

Uninsured Motorist Insurers - Settlement Offers - Consent or Refusal to Consent to Acceptance

This bill changes the method, to notice by certified mail, by which an uninsured motorist insurer must notify an injured person of its consent or refusal to consent to a third-party liability insurer's settlement offer submitted by the injured person seeking reimbursement from the insurer for any amount of a claim by the injured person that exceeds the policy limit of the third-party liability insurer's settlement offer.

Fiscal Summary

State Effect: The bill would not materially affect the finances or operations of the Maryland Insurance Administration.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: An injured person must send a copy of a motor vehicle liability insurer's written settlement offer by certified mail to any insurer that provides uninsured motorist coverage for the bodily injury or death if: (1) the injured person receives a written offer from a liability insurer to settle a claim for bodily injury or death; and (2) the amount of the settlement offer, in combination with any other settlements arising out of the same occurrence, would exhaust the bodily injury or death limits of the applicable liability insurance policies, bonds, and securities.

Within 60 days after receiving the required notice from the injured person, the uninsured motorist insurer must send to the injured person: (1) written consent to acceptance of the settlement offer and to the execution of releases; or (2) written refusal to consent to acceptance of the settlement offer.

Within 30 days after a refusal to consent, the uninsured motorist insurer must pay the injured person the amount of the settlement offer. Payment preserves the uninsured motorist insurer's subrogation rights against the liability insurer and its insured. Receipt by the injured person of the payment constitutes the assignment, up to the amount of the payment, of any recovery on behalf of the injured person that is subsequently paid from the applicable liability insurance policies, bonds, and securities.

The injured person may accept the liability insurer's settlement offer and execute releases in favor of the liability insurer and its insured without prejudice to any claim the injured person may have against the uninsured motorist insurer: (1) on receipt of written consent to an acceptance of the settlement offer and to the execution of the releases; or (2) if the uninsured motorist insurer has failed to send the required materials or has failed to pay the injured person the amount of the settlement offer.

Background: Generally, uninsured motorist coverage acts as "underinsured motorist coverage" to pay claims that exceed the limits of a liability policy.

Additional Information

Prior Introductions: An identical bill, SB 270, was introduced in the 2002 session and received an unfavorable report from the Senate Finance Committee.

Cross File: None.

Information Source(s): Maryland Automobile Insurance Fund, Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - March 7, 2003
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