

SENATE BILL 569

C4
SB 832/14 – FIN

5lr1420
CF 5lr2653

By: **Senators Kelley, Benson, Feldman, Klausmeier, and Pugh**

Introduced and read first time: February 6, 2015

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Health Care Provider Malpractice Insurance – Scope of Coverage**

3 FOR the purpose of repealing a prohibition on the inclusion, in a policy that insures a health
4 care provider against damages due to medical injury arising from providing or failing
5 to provide health care, of coverage for the defense of a health care provider in a
6 certain disciplinary hearing; repealing a provision of law that authorizes a policy
7 providing coverage for the defense of a health care provider in a certain disciplinary
8 hearing to be offered and priced separately from a policy insuring a health care
9 provider against damages due to medical injury; and generally relating to
10 malpractice insurance coverage for health care providers.

11 BY repealing and reenacting, with amendments,
12 Article – Insurance
13 Section 19–104
14 Annotated Code of Maryland
15 (2011 Replacement Volume and 2014 Supplement)

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

18 **Article – Insurance**

19 19–104.

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

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) authorize the insurer, without restriction, to negotiate and effect a
2 compromise of claims within the limits of the insurer's liability, if the entire amount settled
3 on is to be paid by the insurer.

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

8 (2) A payment made under this subsection:

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

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

13 [(c) (1) A policy issued or delivered under subsection (a) of this section may not
14 include coverage for the defense of a health care provider in a disciplinary hearing arising
15 out of the practice of the health care provider profession.

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

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2015.