

SENATE BILL 450

C4
SB 569/15 – FIN

6lr1858
CF HB 1487

By: Senators Kelley and ~~Reilly~~, Reilly, Astle, Benson, Feldman, Hershey, Jennings, Klausmeier, Mathias, Middleton, and Pugh

Introduced and read first time: February 2, 2016

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 19, 2016

CHAPTER _____

1 AN ACT concerning

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

3 FOR the purpose of authorizing the inclusion, in a policy that insures a health care provider
4 against damages due to medical injury arising from providing or failing to provide
5 health care, of coverage for the defense of a health care provider in a certain
6 disciplinary hearing if the cost of the included coverage is itemized in a certain
7 document and reported to the Maryland Insurance Commissioner in a certain
8 manner; and generally relating to malpractice insurance coverage for health care
9 providers.

10 BY repealing and reenacting, with amendments,
11 Article – Insurance
12 Section 19–104
13 Annotated Code of Maryland
14 (2011 Replacement Volume and 2015 Supplement)

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

17 **Article – Insurance**

18 19–104.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

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

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

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

13 (2) A payment made under this subsection:

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

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

18 (c) (1) A policy issued or delivered under subsection (a) of this section may
19 [not] include coverage for the defense of a health care provider in a disciplinary hearing
20 arising out of the practice of the health care provider profession **IF THE COST OF THE**
21 **INCLUDED COVERAGE IS:**

22 ~~(1)~~ **(I) ITEMIZED IN THE BILLING STATEMENT, INVOICE, OR**
23 **DECLARATIONS PAGE FOR THE POLICY; AND**

24 ~~(2)~~ **(II) REPORTED TO THE COMMISSIONER IN A FORM AND MANNER**
25 **REQUIRED BY THE COMMISSIONER.**

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

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
31 October 1, 2016.