

Chapter 209

(Senate Bill 450)

AN ACT concerning

Health Care Provider Malpractice Insurance – Scope of Coverage

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

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

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

Article – Insurance

19–104.

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

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

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

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

(2) A payment made under this subsection:

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

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

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

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

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

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

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

Approved by the Governor, April 26, 2016.