

SENATE BILL 45

C4

9lr0074

(PRE-FILED)

By: **Chair, Finance Committee (By Request – Departmental – Maryland Insurance Administration)**

Requested: October 15, 2018

Introduced and read first time: January 9, 2019

Assigned to: Finance

Committee Report: Favorable

Senate action: Adopted

Read second time: January 28, 2019

CHAPTER _____

1 AN ACT concerning

2 **Health Care Provider Malpractice Insurance – Authorization to Settle –**
3 **Clarification**

4 FOR the purpose of altering the settlement provision required to be included in policies of
5 health care malpractice insurance to clarify that the insurer is authorized, without
6 restriction, to negotiate and effect a compromise of claims unless the settlement
7 amount exceeds the limits of the insurer's liability; and generally relating to
8 malpractice insurance coverage for health care providers.

9 BY repealing and reenacting, with amendments,
10 Article – Insurance
11 Section 19–104
12 Annotated Code of Maryland
13 (2017 Replacement Volume and 2018 Supplement)

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

16 **Article – Insurance**

17 19–104.

18 (a) Each policy that insures a health care provider against damages due to

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 medical injury arising from providing or failing to provide health care shall contain
2 provisions that:

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

5 (2) authorize the insurer, without restriction, to negotiate and effect a
6 compromise of claims [within] **UNLESS THE SETTLEMENT AMOUNT EXCEEDS** the limits
7 of the insurer's liability[, if the entire amount settled on is to be paid by the insurer].

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

12 (2) A payment made under this subsection:

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

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

17 (c) (1) A policy issued or delivered under subsection (a) of this section may
18 include coverage for the defense of a health care provider in a disciplinary hearing arising
19 out of the practice of the health care provider profession if the cost of the included coverage
20 is:

21 (i) itemized in the billing statement, invoice, or declarations page
22 for the policy; and

23 (ii) reported to the Commissioner in a form and manner required by
24 the Commissioner.

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

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 October 1, 2019.