

# HOUSE BILL 526

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By: **Delegate Kaufman**

Introduced and read first time: January 27, 2026

Assigned to: Judiciary

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## A BILL ENTITLED

1 AN ACT concerning

2 **Civil Actions – Settlement Agreements – Payment and Release**

3 FOR the purpose of requiring a settling defendant in a tort action for money damages to  
4 provide a proposed release to a plaintiff within a certain period of time and to pay all  
5 sums due to a plaintiff under a settlement agreement within a certain period of time;  
6 providing for the protection by a plaintiff of certain third-party rights of recovery or  
7 subrogation; establishing the accrual of interest on settlement sums under certain  
8 circumstances; and generally relating to settlement agreements in tort actions.

9 BY adding to

10 Article – Courts and Judicial Proceedings

11 Section 5–11A–01 and 5–11A–02 to be under the new subtitle “Subtitle 11A.  
12 Payment of Settlement Agreements”

13 Annotated Code of Maryland

14 (2020 Replacement Volume and 2025 Supplement)

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

17 **Article – Courts and Judicial Proceedings**

18 **SUBTITLE 11A. PAYMENT OF SETTLEMENT AGREEMENTS.**

19 **5–11A–01.**

20 **IN THIS SUBTITLE, “IOLTA ACCOUNT” MEANS AN ATTORNEY TRUST ACCOUNT**  
21 **ESTABLISHED UNDER § 10–303 OF THE BUSINESS OCCUPATIONS AND PROFESSIONS**  
22 **ARTICLE.**

23 **5–11A–02.**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           **(A) THE PURPOSE OF THIS SECTION IS TO ENSURE THE PROMPT EXCHANGE**  
2 **OF RELEASE DOCUMENTS AND PAYMENT OF SETTLEMENT PROCEEDS FOLLOWING**  
3 **THE ORAL OR WRITTEN CONFIRMATION OF SETTLEMENT.**

4           **(B) (1) THIS SECTION APPLIES ONLY TO A TORT CLAIM FOR MONEY**  
5 **DAMAGES.**

6           **(2) THIS SECTION DOES NOT APPLY TO AN INDIVIDUAL PAYING FOR A**  
7 **SETTLEMENT WITH PERSONAL ASSETS.**

8           **(C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A SETTLING**  
9 **DEFENDANT SHALL:**

10                           **(I) PROVIDE A PROPOSED RELEASE TO A PLAINTIFF WITHIN 10**  
11 **DAYS AFTER AN ORAL OR WRITTEN AGREEMENT FOR A SPECIFIED AMOUNT OF**  
12 **MONEY TO RESOLVE A CLAIM BEFORE TRIAL; AND**

13                           **(II) PAY ALL SUMS DUE TO THE PLAINTIFF WITHIN 15 DAYS**  
14 **AFTER:**

15   **1. THE PLAINTIFF PROVIDES THE EXECUTED RELEASE**  
16 **AND ANY APPLICABLE DOCUMENT REQUIRED UNDER SUBSECTION (D) OF THIS**  
17 **SECTION; OR**

18   **2. IF COURT APPROVAL IS REQUIRED BY LAW OR AS**  
19 **PART OF THE SETTLEMENT AGREEMENT, COURT APPROVAL OF THE SETTLEMENT**  
20 **AGREEMENT.**

21           **(2) DURING A TIME PERIOD DESCRIBED IN PARAGRAPH (1) OF THIS**  
22 **SUBSECTION, THE PARTIES MAY MUTUALLY AGREE TO AN EXTENSION OF THE TIME**  
23 **PERIOD.**

24           **(D) IF THERE IS A KNOWN AND ASSERTED THIRD-PARTY RIGHT OF**  
25 **RECOVERY OR SUBROGATION INTEREST, INCLUDING AN ATTORNEY'S LIEN, A**  
26 **HEALTH CARE PROVIDER LIEN, OR A RIGHT OF RECOVERY ASSERTED BY MEDICARE,**  
27 **THE CENTERS FOR MEDICARE AND MEDICAID SERVICES, MARYLAND MEDICAID,**  
28 **OR A PRIVATE HEALTH INSURANCE COMPANY, A PLAINTIFF MAY PROTECT THE**  
29 **THIRD PARTY'S RIGHT OF RECOVERY OR SUBROGATION INTEREST BY TENDERING**  
30 **TO A SETTLING DEFENDANT:**

31                           **(1) FOR AN ATTORNEY'S LIEN, A SIGNED RELEASE OF THE**  
32 **ATTORNEY'S LIEN;**

1           **(2) FOR A HEALTH CARE PROVIDER LIEN:**

2                   **(I) A SIGNED RELEASE OF THE HEALTH CARE PROVIDER LIEN;**

3                   **(II) A LETTER FROM THE PLAINTIFF'S ATTORNEY OR LANGUAGE**  
4 **IN A MUTUALLY AGREED ON RELEASE STATING THAT THE PLAINTIFF'S ATTORNEY**  
5 **WILL HOLD THE FULL AMOUNT OF THE CLAIMED LIEN IN THE IOLTA ACCOUNT OF**  
6 **THE PLAINTIFF'S ATTORNEY PENDING FINAL RESOLUTION OF THE LIEN AMOUNT; OR**

7                   **(III) DOCUMENTATION OF ANY OTHER METHOD OF RESOLUTION**  
8 **OF THE LIEN OR RIGHT OF RECOVERY AS AGREED TO BY THE PARTIES; OR**

9           **(3) FOR A RIGHT OF RECOVERY CLAIMED BY A HEALTH INSURER:**

10                   **(I) DOCUMENTATION OF AN AGREEMENT BETWEEN THE**  
11 **PLAINTIFF AND MEDICARE, THE CENTERS FOR MEDICARE AND MEDICAID**  
12 **SERVICES, MARYLAND MEDICAID, OR PRIVATE HEALTH INSURANCE COMPANY**  
13 **REGARDING THE AMOUNT OF THE SETTLEMENT THAT WILL BE ACCEPTED IN**  
14 **SATISFACTION OF THE RIGHT OF RECOVERY;**

15                   **(II) A LETTER FROM THE PLAINTIFF'S ATTORNEY, OR**  
16 **LANGUAGE IN A MUTUAL RELEASE, AGREEING TO HOLD THE FULL AMOUNT OF THE**  
17 **CLAIMED RIGHT TO RECOVERY IN THE PLAINTIFF'S IOLTA ACCOUNT PENDING**  
18 **FINAL RESOLUTION OF THE AMOUNT OF THE RIGHT TO RECOVERY; OR**

19                   **(III) DOCUMENTATION OF ANY OTHER METHOD OF RESOLUTION**  
20 **OF THE LIEN AS AGREED TO BY THE PARTIES.**

21           **(E) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A**  
22 **SETTLEMENT AMOUNT SHALL ACCRUE INTEREST AT THE LEGAL RATE OF INTEREST**  
23 **ON A JUDGMENT, ASSESSED BEGINNING THE DATE THE PARTIES REACH AN ORAL OR**  
24 **WRITTEN SETTLEMENT AGREEMENT, AND UNTIL PAYMENT IS MADE IF:**

25                   **(I) THE SETTLING DEFENDANT DOES NOT PROVIDE A DRAFT**  
26 **RELEASE AS REQUIRED UNDER SUBSECTION (C)(1)(I) OF THIS SECTION; OR**

27                   **(II) THE SETTLING DEFENDANT DOES NOT PAY ALL SUMS DUE**  
28 **AS REQUIRED UNDER SUBSECTION (C)(1)(II) OF THIS SECTION.**

29           **(2) THE PARTIES MAY MUTUALLY AGREE TO AN INTEREST RATE**  
30 **DIFFERENT THAN THE INTEREST RATE DESCRIBED IN PARAGRAPH (1) OF THIS**  
31 **SUBSECTION, BUT AN AGREEMENT MAY NOT WAIVE THE ACCRUAL OF INTEREST.**

**HOUSE BILL 526**

1           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to  
2 apply only prospectively and may not be applied or interpreted to have any effect on or  
3 application to any settlement agreement ratified before the effective date of this Act.

4           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
5 October 1, 2026.