



MARYLAND STATE TREASURER
Dereck E. Davis

Testimony of the Maryland State Treasurer's Office

Senate Bill 150 – Maryland Tort Claims Act – Denial of Claims – Notice

Position: Favorable

Senate Judicial Proceedings Committee

February 1, 2023

As part of a broader effort to modernize office policies and practices, the State Treasurer's Office (STO) respectfully requests that the Committee give favorable consideration to Senate Bill 150.

One of three bills that the Joint Committee on the Management of Public Funds is introducing on STO's behalf, Senate Bill 150 updates the way in which the State provides notice of claim denial. The legislation is necessary because the forms of notice in current law could be improved for greater efficiency, responsiveness to public need, and reflectiveness of business practices within the insurance industry.

In order to recover against the State under the Maryland Tort Claims Act, a claimant must generally follow an administrative process laid out in State Government, § 12-106. If the parties cannot reach a settlement, a claimant may recover in court if specified steps are taken, including denial of the claim by the State.

Under § 12-107 of the State Government Article, a claim is considered to be denied if the State (1) sends a denial letter by certified mail or (2) fails to give notice of a decision within six months after a claim has been filed. Senate Bill 150 shifts away from certified mail so that the State would instead send notice by e-mail if a claimant provides e-mail on the claim form or by regular mail if a claimant does not.

Among other challenges, supply chain issues have made certified mail envelopes difficult to obtain and some claimants fail to sign for certified mail delivery. In total, the State spends approximately \$17,850 each year in its certified mail outreach on only 1,860 denial letters.

An estimated 75% of the 3,500-4,000 claims received each year include e-mail addresses, which facilitates the change proposed under Senate Bill 150. The claims that do not include an e-mail address will be handled by regular mail instead of certified mail, which preserves claimant access to information while reducing costs and administrative burden.

For the foregoing reasons, STO requests that the Committee give Senate Bill 150 a favorable report. Please contact Laura Atas, Deputy Treasurer for Public Policy (latas@treasurer.state.md.us), with any questions.