



MARYLAND STATE TREASURER
Dereck E. Davis

Testimony of the Maryland State Treasurer's Office

House Bill 394 – Maryland Tort Claims Act – Denial of Claims – Notice

Position: Favorable

House Judiciary Committee

February 8, 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 House Bill 394.

One of three bills that the Joint Committee on the Management of Public Funds is introducing on STO's behalf, House Bill 394 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.

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. House Bill 394 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 House Bill 394. 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 House Bill 394 a favorable report. Please contact Laura Atas, Deputy Treasurer for Public Policy (latas@treasurer.state.md.us), with any questions.