



2026 WRITTEN TESTIMONY

CIVIL ACTIONS - SETTLEMENT AGREEMENTS - PAYMENT AND RELEASE

HB 526 - FAVORABLE

HB 526 establishes clear guidelines for the prompt exchange of settlement documents and payment of an agreed-upon settlement in a civil claim. The bill is designed to create efficiency with the settlement process, and to ensure that an injured plaintiff is not unduly burdened by a prolonged wait for payment after a settlement has been reached.

Currently, there is no requirement as to when a defendant must pay a settlement reached by the parties to a civil case. Defendants are thus incentivized to delay payment as long as possible – especially in cases of large settlements, where the settlement funds are held in interest-bearing reserve accounts.

Maryland law already provides that interest begins to accrue on a legal **judgment** immediately after the judgment is entered by the court, thus promoting a public policy in favor of the prompt payment of judgments. Md. Rule 2-604; Md. Code, Cts. & Jud. Pro. § 11-107. The proposed legislation extends that public policy to prompt payment of **settlements**. By mandating that a settling defendant provide a proposed release within 10 days of settlement, and pay the settlement amount within 15 days of tendering the executed release, the bill creates a clear framework for compliance. Failure to meet these deadlines triggers the accrual of interest at the legal judgment rate until payment is made.

Other states, including New York and Illinois, have similar laws to ensure the timely payment of settlements achieved in civil cases.

In sum, this bill contributes to a more efficient and equitable civil litigation system by expediting the settlement process in civil claims to ensure that agreed-upon settlements are completed and paid promptly.

Maryland Association for Justice urges a FAVORABLE Report on HB 526.

About Maryland Association for Justice

The Maryland Association for Justice (MAJ) represents over 1,250 trial attorneys throughout the state of Maryland. MAJ advocates for the preservation of the civil justice system, the protection of the rights of consumers and the education and professional development of its members.

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