



THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**HB0526 - Civil Actions - Settlement Agreements - Payment and Release**

**Support Testimony: Delegate Aaron Kaufman**

**Hearing 2/18/26 at 1:00 p.m.**

Good afternoon Chair Barlett, Vice Chair Davis, and members of the committee. My name is Delegate Aaron Kaufman, and I am here to request a favorable report on HB526 – Civil Actions - Settlement Agreements - Payment and Release

HB526 addresses a practical but deeply consequential gap in Maryland law. When parties resolve a civil lawsuit for money damages through a settlement agreement, Maryland statute does not currently require the settling defendant or insurer to provide a release within a defined period of time, nor to issue payment within a specific timeframe after the agreement is finalized. As a result, even after both sides have agreed to resolve the case, plaintiffs can wait weeks, or in some cases months, before receiving the funds that were promised. Justice delayed is justice denied.

For many Marylanders, settlement proceeds are not discretionary. They are intended to cover medical expenses, rehabilitation, rent or mortgage payments, childcare, and lost wages. Once a case is resolved, individuals reasonably expect closure. Instead, delays in payment can trigger collections activity, financial instability, and additional stress at a time when stability is most needed.

The policy rationale for this bill is grounded in economic reality. According to the Federal Reserve's *Report on the Economic Well-Being of U.S. Households*, 37 percent of adults would not be able to cover a \$400 emergency expense using cash or its equivalent.<sup>1</sup> That means more than one in three households lack even minimal financial cushion. When an injured Marylander is waiting on a settlement check that has already been agreed upon, delay is not merely administrative—it can mean missed rent, delayed medical care, or mounting debt.

Other states have recognized this issue and acted. Illinois requires payment of settlement funds within 30 days after receipt of a signed release, and New York requires payment within 21 days, both with accountability measures for non-compliance.<sup>2 3</sup> Maryland currently has no comparable statutory safeguard.

HB526 establishes a clear and reasonable framework. It requires a settling defendant to provide a proposed release within a specified period and to pay all sums due within a defined timeframe after execution of that release. It protects lawful third-party recovery interests and provides for the accrual of interest when payment is not timely made.

Importantly, the bill expressly provides that this section does not apply to an individual paying for a settlement with personal assets. The purpose of that exemption is to ensure that private individuals who are not insurers or institutional defendants are not subject to statutory timing requirements designed to address systemic payment delays.

For these reasons, I respectfully request a favorable report on HB526. Thank you, and I am happy to answer any questions.

## Footnotes

1. Board of Governors of the Federal Reserve System, *Report on the Economic Well-Being of U.S. Households in 2023* (May 2024), finding that 37% of adults would not cover a \$400 emergency expense using cash or its equivalent.

Available at:

<https://www.federalreserve.gov/publications/2024-economic-well-being-of-us-households-in-2023-expenses.htm>

2. 735 Ill. Comp. Stat. 5/2-2301(d) (Illinois Code of Civil Procedure) (requiring payment of settlement funds within 30 days after receipt of a duly executed release and authorizing interest, attorney's fees, and costs for noncompliance).

Available at:

<https://www.ilga.gov/legislation/ilcs/fulltext.asp?DocName=073500050K2-2301>

3. N.Y. C.P.L.R. § 5003-a (New York Civil Practice Law and Rules) (requiring payment of settlement funds within 21 days after tender of a duly executed release and permitting entry of judgment with interest, costs, and disbursements for failure to comply). Available at:

<https://www.nysenate.gov/legislation/laws/CVP/5003-A>