



Testimony of American Property Casualty Insurance Association

House Judiciary Committee

House Bill 526 - Civil Actions - Settlement Agreements - Payment and Release

February 18, 2026

Unfavorable

The American Property Casualty Insurance Association (APCIA) is a national trade organization whose members write approximately 71 % of insurance market in Maryland. House Bill 526 provides, among other things, that an insurer must i) provide a proposed release to a plaintiff within 10 days after an oral or written agreement for a specified amount of money to resolve a claim before trial; and (ii) pay all sums due to the plaintiff within 15 days after. HB 526 provides unrealistically short timelines that would make Maryland a national outlier. No U.S. state requires insurers to pay tort settlement proceeds within 15 days of a release. Most states allow for a “reasonable” timeframe, such as 30-45 days. House Bill 526 would impose one of the strictest tort settlements deadlines in the country.

The Bill’s 15-day mandate is significantly more aggressive than almost any known state’s settlement-payment statute. Like Maryland currently, most states require insurers to pay tort settlements within a "prompt" timeframe, typically defined by state-specific insurance regulations and fair claims settlement practices. Only one state appears to require a tort settlement to be paid within only 15 days of the signed release. Insurers typically need more than 10–15 days to provide formal releases and pay settlements as they may have to verify liens, verify medical bills, coordinate with reinsurers, obtain required documentation and undertake other due diligence. The 10-day release requirement and 15-day payment deadline is not only an outlier nationally but unduly rigid and burdensome. Moreover, the 10–15-day timelines ignore the complexity of claims handling workflows. This increases the likelihood of technical non-compliance, even when an insurer is acting in good faith.

Additionally, the bill specifically creates interest penalties for delayed payments, which may be triggered by even unavoidable administrative delays outside the claims handler’s control. This would inflate claims costs, and plaintiffs’ counsel could easily exploit procedural triggers to increase payout pressure. HB 526 would create operational burdens that will ultimately translate into higher premiums for consumers, an unintended consequence. Maryland already has strong claim-handling standards. There are already effective mechanisms to ensure timely settlement performance. HB 526 is unnecessary because insurers already operate under bad-faith exposure and unfair claims practice statutes. The bill creates duplicative penalties and exposes carriers to unwarranted financial risk without improving consumer protection in any meaningful way.

HB 526 adds unnecessary burden and should be opposed. For these reasons, APCIA urges the Committee to provide an unfavorable report on House Bill 526.

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