

# HOUSE BILL 724

C4  
HB 1363/14 – ECM

5lr2653  
CF SB 569

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By: **Delegates Valderrama, Barkley, Clippinger, Jameson, W. Miller, and Vaughn**

Introduced and read first time: February 13, 2015

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 17, 2015

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Health Care Provider Malpractice Insurance – Scope of Coverage**

3 FOR the purpose of ~~repealing a prohibition on~~ authorizing the inclusion, in a policy that  
4 insures a health care provider against damages due to medical injury arising from  
5 providing or failing to provide health care, of coverage for the defense of a health care  
6 provider in a certain disciplinary hearing only in accordance with certain  
7 requirements; ~~repealing a provision of law that authorizes a policy providing~~  
8 ~~coverage for the defense of a health care provider in a certain disciplinary hearing to~~  
9 ~~be offered and priced separately from a policy insuring a health care provider against~~  
10 ~~damages due to medical injury~~; and generally relating to malpractice insurance  
11 coverage for health care providers.

12 BY repealing and reenacting, with amendments,  
13 Article – Insurance  
14 Section 19–104  
15 Annotated Code of Maryland  
16 (2011 Replacement Volume and 2014 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
18 That the Laws of Maryland read as follows:

19 **Article – Insurance**

20 19–104.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (a) Each policy that insures a health care provider against damages due to  
2 medical injury arising from providing or failing to provide health care shall contain  
3 provisions that:

4 (1) are consistent with the requirements of Title 3, Subtitle 2A of the  
5 Courts Article; and

6 (2) authorize the insurer, without restriction, to negotiate and effect a  
7 compromise of claims within the limits of the insurer's liability, if the entire amount settled  
8 on is to be paid by the insurer.

9 (b) (1) An insurer may make payments to or on behalf of claimants for  
10 reasonable hospital and medical costs, loss of wages, and expenses for rehabilitation  
11 services and treatment, within the limits of the insurer's liability, before a final disposition  
12 of the claim.

13 (2) A payment made under this subsection:

14 (i) is not an admission of liability to or of damages sustained by a  
15 claimant; and

16 (ii) does not prejudice the insurer or any other party with respect to  
17 any right, claim, or defense.

18 ~~f~~(c) (1) A policy issued or delivered under subsection (a) of this section may ~~not~~  
19 include coverage for the defense of a health care provider in a disciplinary hearing arising  
20 out of the practice of the health care provider profession **ONLY IF THE COVERAGE IS:**

21 **(I) SEPARATELY STATED IN THE BILL OR INVOICE; AND**

22 **(II) REPORTED TO THE ADMINISTRATION.**

23 (2) A policy providing coverage for the defense of a health care provider in  
24 a disciplinary hearing arising out of the practice of the health care provider's profession  
25 may be offered and priced separately from a policy issued or delivered under subsection (a)  
26 of this section.‡

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
28 October 1, 2015.