

HOUSE BILL 861

C4
HB 762/11 – ECM

2lr0402
CF SB 960

By: **Delegate Braveboy**

Introduced and read first time: February 9, 2012

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 29, 2012

CHAPTER _____

1 AN ACT concerning

2 ~~Insurance~~ **Unfair Claim Settlement Practices – Refusal to Pay a Claim**
3 **Under Homeowner’s Insurance**

4 FOR the purpose of altering the circumstances under which it is an unfair claim
5 settlement practice and a violation of certain provisions of law for an insurer,
6 nonprofit health service plan, or health maintenance organization to refuse to
7 pay a claim under a policy of homeowner’s insurance; and generally relating to
8 unfair claim settlement practices under insurance law.

9 BY repealing and reenacting, without amendments,
10 Article – Health – General
11 Section 19–706(g)
12 Annotated Code of Maryland
13 (2009 Replacement Volume and 2011 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article – Insurance
16 Section 27–303
17 Annotated Code of Maryland
18 (2011 Replacement Volume)

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

21 **Article – Health – General**

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 19-706.

2 (g) The provisions of § 27-504 and Title 27, Subtitle 3 of the Insurance
3 Article shall apply to health maintenance organizations.

4 **Article – Insurance**

5 27-303.

6 It is an unfair claim settlement practice and a violation of this subtitle for an
7 insurer or nonprofit health service plan to:

8 (1) misrepresent pertinent facts or policy provisions that relate to the
9 claim or coverage at issue;

10 (2) **(I) SUBJECT TO (II) OF THIS ITEM, UNREASONABLY** refuse to
11 pay a claim ~~for an arbitrary or capricious reason~~ based on all available information;
12 **OR**

13 **(II) UNREASONABLY REFUSE TO PAY A CLAIM UNDER A**
14 **POLICY OF HOMEOWNER'S INSURANCE BASED ON ALL AVAILABLE INFORMATION**
15 **FROM THE INSURED OR ANY OTHER SOURCE;**

16 (3) attempt to settle a claim based on an application that is altered
17 without notice to, or the knowledge or consent of, the insured;

18 (4) fail to include with each claim paid to an insured or beneficiary a
19 statement of the coverage under which payment is being made;

20 (5) fail to settle a claim promptly whenever liability is reasonably
21 clear under one part of a policy, in order to influence settlements under other parts of
22 the policy;

23 (6) fail to provide promptly on request a reasonable explanation of the
24 basis for a denial of a claim;

25 (7) fail to meet the requirements of Title 15, Subtitle 10B of this
26 article for preauthorization for a health care service;

27 (8) fail to comply with the provisions of Title 15, Subtitle 10A of this
28 article; or

29 (9) fail to act in good faith, as defined under § 27-1001 of this title, in
30 settling a first-party claim under a policy of property and casualty insurance.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2012.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.