

SENATE BILL 992

D3

2lr2022

By: **Senator Waldstreicher**

Introduced and read first time: February 20, 2022

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Claim Against Estate of a Decedent – Service of Process**

3 FOR the purpose of requiring an automobile insurer to accept service of process from a
4 third-party claimant if the person insured under the policy is deceased and no estate
5 is open and the third-party claimant agrees to cap recovery at applicable policy
6 limits; and generally relating to actions by third-party claimants against automobile
7 insurers.

8 BY renumbering

9 Article – Courts and Judicial Proceedings

10 Section 3–1701

11 to be Section 3–1702

12 Annotated Code of Maryland

13 (2020 Replacement Volume and 2021 Supplement)

14 BY adding to

15 Article – Courts and Judicial Proceedings

16 Section 3–1701 and 3–1703

17 Annotated Code of Maryland

18 (2020 Replacement Volume and 2021 Supplement)

19 BY repealing and reenacting, with amendments,

20 Article – Courts and Judicial Proceedings

21 Section 3–1702(a) through (c)

22 Annotated Code of Maryland

23 (2020 Replacement Volume and 2021 Supplement)

24 (As enacted by Section 1 of this Act)

25 BY repealing and reenacting, with amendments,

26 Article – Courts and Judicial Proceedings

27 Section 5–118

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland
2 (2020 Replacement Volume and 2021 Supplement)

3 BY repealing and reenacting, with amendments,
4 Article – Insurance
5 Section 27–1001(b), (c)(1), (d)(1), and (h)(1) and (2)
6 Annotated Code of Maryland
7 (2017 Replacement Volume and 2021 Supplement)

8 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
9 That Section(s) 3–1701 of Article – Courts and Judicial Proceedings of the Annotated Code
10 of Maryland be renumbered to be Section(s) 3–1702.

11 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
12 as follows:

13 **Article – Courts and Judicial Proceedings**

14 **3–1701.**

15 **IN THIS SUBTITLE, “INSURER” HAS THE MEANING STATED IN § 1–101 OF THE**
16 **INSURANCE ARTICLE.**

17 3–1702.

18 (a) (1) In this [subtitle] SECTION the following words have the meanings
19 indicated.

20 (2) “Casualty insurance” has the meaning stated in § 1–101 of the
21 Insurance Article.

22 (3) “Commercial insurance” has the meaning stated in § 27–601 of the
23 Insurance Article.

24 (4) (i) “Disability insurance” means insurance that provides for lost
25 income, revenue, or proceeds in the event that an illness, accident, or injury results in a
26 disability that impairs an insured’s ability to work or otherwise generate income, revenue,
27 or proceeds that the insurance is intended to replace.

28 (ii) “Disability insurance” does not include payment for medical
29 expenses, dismemberment, or accidental death.

30 (5) “Good faith” means an informed judgment based on honesty and
31 diligence supported by evidence the insurer knew or should have known at the time the
32 insurer made a decision on a claim.

33 (6) [“Insurer” has the meaning stated in § 1–101 of the Insurance Article.

1 (7) "Property insurance" has the meaning stated in § 1-101 of the
2 Insurance Article.

3 (b) This [subtitle] SECTION applies only to first-party claims under property and
4 casualty insurance policies or individual disability insurance policies issued, sold, or
5 delivered in the State.

6 (c) (1) Except as provided in paragraph (2) of this subsection, a party may not
7 file an action under this [subtitle] SECTION before the date of a final decision under §
8 27-1001 of the Insurance Article.

9 (2) Paragraph (1) of this subsection does not apply to an action:

10 (i) Within the small claim jurisdiction of the District Court under §
11 4-405 of this article;

12 (ii) If the insured and the insurer agree to waive the requirement
13 under paragraph (1) of this subsection; or

14 (iii) Under a commercial insurance policy on a claim with respect to
15 which the applicable limit of liability exceeds \$1,000,000.

16 **3-1703.**

17 (A) IN THIS SECTION, "THIRD-PARTY CLAIMANT" MEANS ANY PERSON
18 ASSERTING A CLAIM AGAINST A PERSON INSURED UNDER AN AUTOMOBILE
19 INSURANCE POLICY.

20 (B) THE INSURER FOR AN AUTOMOBILE INSURANCE POLICY SHALL ACCEPT
21 SERVICE OF PROCESS FROM A THIRD-PARTY CLAIMANT IF:

22 (1) THE PERSON INSURED UNDER THE AUTOMOBILE INSURANCE
23 POLICY IS DECEASED AND THERE IS NOT AN ESTATE OF THE PERSON THAT IS OPEN;
24 AND

25 (2) THE THIRD-PARTY CLAIMANT AGREES TO CAP RECOVERY AT
26 APPLICABLE POLICY LIMITS.

27 5-118.

28 For the purposes of this subtitle, the filing of a complaint with the Maryland
29 Insurance Administration in accordance with § 27-1001 of the Insurance Article shall be
30 deemed the filing of an action under [§ 3-1701] § 3-1702 of this article.

31

1 27-1001.

2 (b) This section applies only to actions under [§ 3-1701] § 3-1702 of the Courts
3 Article.

4 (c) (1) Except as provided in paragraph (2) of this subsection, a person may
5 not bring or pursue an action under [§ 3-1701] § 3-1702 of the Courts Article in a court
6 unless the person complies with this section.

7 (d) (1) A complaint stating a cause of action under [§ 3-1701] § 3-1702 of the
8 Courts Article shall first be filed with the Administration.

9 (h) On or before January 1 of each year beginning in 2009, in accordance with §
10 2-1257 of the State Government Article, the Administration shall report to the General
11 Assembly on the following for the prior fiscal year:

12 (1) the number and types of complaints under this section or [§ 3-1701] §
13 3-1702 of the Courts Article from insureds regarding first-party insurance claims under
14 property and casualty insurance policies;

15 (2) the number and types of complaints under this section or [§ 3-1701] §
16 3-1702 of the Courts Article from insureds regarding first-party insurance claims under
17 individual disability insurance policies;

18 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be construed to
19 apply only prospectively and may not be applied or interpreted to have any effect on or
20 application to any claim that accrues before the effective date of this Act.

21 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 October 1, 2022.