

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 57

(Chair, Finance Committee)(By Request - Departmental -
Maryland Insurance Administration)

Finance

Health and Government Operations

**Insurance - Medical Professional Liability Insurance Policies - Technical
Correction**

This departmental bill makes a technical correction to an inaccurate cross reference relating to medical professional liability insurance policies.

Fiscal Summary

State Effect: None.

Local Effect: None.

Small Business Effect: The Maryland Insurance Administration has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law/Background: A medical professional liability malpractice insurer in the State must offer, at minimum, policies with deductibles of (1) \$25,000; (2) \$50,000; and (3) \$100,000. Such a policy is considered a commercial policy in the State. An insurer may cancel one of these policies for nonpayment of the deductible, but if the insurer does so, it must send notice of the cancellation in a certain manner. Under current law, the notice requirements are referenced as § 27-602 of the Insurance Article; however, the applicable notice requirements for commercial insurance policies are contained in § 27-603. The bill makes a correction by changing this reference to § 27-603.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Insurance Administration; Department of Legislative Services

Fiscal Note History: First Reader - January 9, 2018
nb/jc Third Reader - January 19, 2018

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Insurance – Medical Professional Liability Insurance Policies

BILL NUMBER: SB 57

PREPARED BY:
(Dept./Agency) Maryland Insurance Administration

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

This bill serves to correct an inaccurate cross-reference in § 19-114 of the Insurance Article, which applies to medical professional liability insurance policies. Medical professional liability insurance policies are considered “commercial” insurance policies in Maryland. The reference in paragraph (c)(2) of this section to the notice provisions under § 27-602 of the Insurance Article is incorrect because § 27-602 is applicable to “personal insurance” and “homeowners insurance.” This bill replaces this cross reference with the notice requirements in § 27-603 of the Insurance Article, which is applicable to commercial insurance. Because this bill merely corrects an inaccurate cross-reference and has no substantive effect, there are no costs associated with this legislation.