

THE INSURER SHALL PAY A CLAIM BY A DRAFT DRAWN ON THE INSURER OR BY A CHECK OF THE INSURER TO THE ORDER OF:

(1) THE CLAIMANT TO WHOM PAYMENT OF THE CLAIM IS DUE UNDER THE POLICY; OR

(2) A PERSON TO WHOM THE CLAIMANT DIRECTS PAYMENT BE MADE.

(C) AUTHORIZATION TO SETTLE OR ADJUST CLAIMS.

(1) A PLAN OR ARRANGEMENT MAY NOT BE USED IF IT AUTHORIZES A PERSON OTHER THAN THE INSURER OR ITS DESIGNATED CLAIM REPRESENTATIVE TO SETTLE OR ADJUST CLAIMS.

(2) THE CREDITOR MAY NOT BE DESIGNATED AS THE CLAIM REPRESENTATIVE OF THE INSURER TO ADJUST A CLAIM.

(3) NOTWITHSTANDING PARAGRAPH (2) OF THIS SUBSECTION, BY ARRANGEMENT WITH THE GROUP INSURER, A GROUP POLICYHOLDER MAY DRAW A DRAFT OR CHECK IN PAYMENT OF A CLAIM DUE TO THE GROUP POLICYHOLDER SUBJECT TO AUDIT AND REVIEW BY THE GROUP INSURER.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 436K.

In subsection (a)(1) of this section, the reference to a "claimant" is added to state expressly that which only was implied in the former law, i.e., a claim must be filed by a claimant.

In subsection (b) of this section, the defined term "insurer" is added for clarity and specificity to identify the entity that is required to act.

Defined terms: "Insurance contract" § 1-101

"Insurer" § 1-101

"Person" § 1-101

"Policy" § 1-101

13-114. OPTION OF DEBTOR TO PROVIDE INSURANCE.

(A) IN GENERAL.

(1) IF A CREDITOR REQUIRES CREDIT LIFE INSURANCE, CREDIT HEALTH INSURANCE, OR CREDIT INVOLUNTARY UNEMPLOYMENT BENEFIT INSURANCE AS ADDITIONAL SECURITY FOR AN INDEBTEDNESS, THE DEBTOR MAY:

(I) PROVIDE THE REQUIRED COVERAGE THROUGH EXISTING POLICIES THAT THE DEBTOR OWNS OR CONTROLS; OR

(II) PROCURE AND PROVIDE THE REQUIRED COVERAGE THROUGH ANY AUTHORIZED INSURER.

(2) AT ANY TIME DURING THE CREDIT TRANSACTION BY GIVING NOTICE TO THE CREDITOR, THE DEBTOR MAY CHOOSE TO PROVIDE THE REQUIRED COVERAGE.