

(11) make known to insureds or claimants a policy of appealing from arbitration awards in order to compel insureds or claimants to accept a settlement or compromise less than the amount awarded in arbitration;

(12) delay an investigation or payment of a claim by requiring a claimant or a claimant's licensed health care provider to submit a preliminary claim report and subsequently to submit formal proof of loss forms that contain substantially the same information;

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

(14) fail to provide promptly a reasonable explanation of the basis for denial of a claim or the offer of a compromise settlement;

(15) REFUSE TO PAY A CLAIM FOR AN ARBITRARY OR CAPRICIOUS REASON BASED ON ALL AVAILABLE INFORMATION;

[(15)](16) fail to meet the requirements of Title 15, Subtitle 10B of this article for preauthorization for a health care service; or

[(16)](17) fail to comply with the provisions of Title 15, Subtitle 10A of this article.

27-305.

(a) The Commissioner may impose a penalty not exceeding \$2,500 for each violation of § 27-303 of this subtitle or a regulation adopted under § 27-303 of this subtitle.

(b) The penalty for a violation of § 27-304 of this subtitle is as provided in §§ 1-301, 4-113, 4-114, and 27-103 of this article.

(c) (1) On finding a violation of this subtitle, the Commissioner may require an insurer or nonprofit health service plan to make restitution to each claimant who has suffered actual economic damage because of the violation.

(2) Restitution may not exceed the amount of actual economic damage sustained, subject to the limits of any applicable policy.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed only prospectively and may not be applied or interpreted to have any effect on or application to any order issued before the effective date of this Act.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 1999.

Approved April 13, 1999.