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INSURANCE LAW BULLETIN

Re: Health Care Provider's Failure To Provide Contractually Required Notice Relieved Insurer From Obligations Under Stop Loss Policy

The United States District Court for the District of Maryland recently held that an insured's failure to notify an insurer of changes to a capitation agreement underlying a stop loss policy was a material breach of the policy and relieved the insurer from its obligations.

After entering into a capitated provider agreement with an HMO, a health care provider purchased stop loss insurance. The stop loss policy required submission of claims by a date certain and notice to the insurer of any changes in the provider agreement. The insured failed to timely submit claims, and a lawsuit ensued.

In discovery, the insurer learned the capitated provider agreement had been amended. The insurer moved for summary judgment, arguing the insured's failure to provide notice of the amendment was a material breach of the policy and relieved the insurer from its obligations. The District Court agreed, reasoning the insurer had the unqualified right to notice of any change and to determine whether to continue coverage.

For further information or a copy of the decision, please contact **Bryan D. Bolton** at 410-659-7754 or bbolton@fblaw.com. Please visit our website at www.fblaw.com.

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