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INSURANCE LAW BULLETIN

Re: **Insurance Commissioner Dismisses Complaint Based On Administrative Collateral Estoppel**

The Maryland Insurance Commissioner, through an administrative law judge (ALJ), recently ruled a complaint concerning termination of benefits under a disability insurance policy was barred by administrative collateral estoppel.

While an insurer was investigating a claim for total disability benefits, the insured filed a complaint with the Commissioner alleging the insurer had arbitrarily “denied” the claim. After a hearing, the Commissioner ruled in favor of the insurer, finding the insured’s refusal to cooperate in the claims investigation prevented the insurer from rendering a decision. Two years later, the insured filed another complaint with the Commissioner alleging the insurer arbitrarily “terminated” policy benefits. The insurer moved for summary decision based on administrative collateral estoppel.

The ALJ granted the motion reasoning that the prior proceeding was equivalent to a judicial proceeding because due process requirements were satisfied. The ALJ further found (i) both proceedings centered on disability benefits, regardless of claimant’s change in nomenclature, (ii) the prior proceeding resulted in a final adjudication on the merits, and (iii) the insured was a party to the prior proceeding.

For further information or a copy of the decision, please contact **Bryan D. Bolton**, who represented the insurer in this matter at 410.659.7754 or bbolton@fblaw.com. To learn more about our firm, or review past law bulletins, please visit our website at www.fblaw.com.

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