

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 218 (Delegates Kach and Gordon)

Economic Matters

Vehicle Laws - Uninsured Motorists - Waiver of Right to Noneconomic Damages

This bill provides that the owner of a motor vehicle who knows or has reason to know that the vehicle is not covered by the required insurance and who is injured in a vehicular accident while driving the vehicle is considered to have waived the right to recover noneconomic damages in an action against a person driving a motor vehicle that is covered by the required insurance. The waiver does not apply to an individual: (1) who does not know or have reason to know that the motor vehicle is not covered by the required insurance; or (2) whose injuries are caused by an individual who, in connection with the accident, is convicted of specified crimes or is found to have been driving aggressively.

The exception regarding aggressive driving sunsets on September 30, 2001. The rest of the bill sunsets on September 30, 2005.

Fiscal Summary

State Effect: Any impact on insurance premiums and premium tax revenues is assumed to be negligible.

Maryland Automobile Insurance Fund Effect (MAIF): Annual decrease in claims paid of \$1,122,000. Related decrease in annual premium revenue of \$1,122,000.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: This bill provides that the owner of a motor vehicle who knows or has reason to know that the vehicle is not covered by the required insurance and who is injured in a vehicular accident while driving the vehicle is considered to have waived the right to recover noneconomic damages in an action against a person driving a motor vehicle that is covered by the required insurance. “Noneconomic damages” are damages for nonpecuniary loss, including pain, suffering, inconvenience, and physical impairment. The bill provides for a rebuttable presumption that an individual knows that a motor vehicle is not covered by the required insurance if the insurance has been ineffective for at least 60 days after the date the individual was notified by the Motor Vehicle Administration (MVA) about the lapse or termination of the insurance coverage, and about the consequences of a lapse or termination of insurance coverage.

Current Law: It is a misdemeanor for a person to drive a motor vehicle that the person knows or has reason to know is uninsured, for an owner to knowingly permit another person to drive a motor vehicle that the owner knows or has reason to know is uninsured, or for a person to willfully and knowingly provide false evidence of insurance.

Maryland law limits the amount of noneconomic damages that may be recovered in personal injury and wrongful death actions.

Background: Maryland currently has approximately 3.5 million vehicles on the road. The MVA reports that 5% of all vehicles, on an ongoing basis, are uninsured.

MAIF: MAIF estimates that 374 of its 7,500 bodily injury claims in calendar 1999 would have been affected by this bill. Based on this experience, the bill would result in approximately \$3,000 savings per case for a total savings of \$1,122,000. MAIF has indicated that this savings would reduce MAIF’s loss cost by 1%. Any savings would be passed on to MAIF customers.

Additional Information

Prior Introductions: An identical bill was introduced in the 1999 session as HB 162. Substantially similar bills were introduced in the 1998, 1997, and 1996 sessions as HB 570, HB 835, and HB 996, respectively. Each received an unfavorable report from the Senate Judicial Proceedings Committee.

Cross File: None.

Information Source(s): Judiciary (the District Court), Maryland Department of

Transportation (Motor Vehicle Administration), Maryland Automobile Insurance Fund,
Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - February 15, 2000

bc/jr

Analysis by: Ryan Wilson

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 946-5510

(301) 970-5510