

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 273 (Delegate Vallario. *et al.*)

Judiciary

Civil Actions - Substituted Service of Process

This bill provides for substituted service of process in certain legal actions. The bill permits service of process to be made upon an insurer providing insurance coverage for a case, in lieu of actually serving the defendant, if the whereabouts of the defendant are unknown, reasonable good faith efforts have been made to locate the defendant, and three unsuccessful attempts have been made to serve the defendant. The insurer may be served by serving its resident agent by certified mail, return receipt requested, or, if the insurer has no resident agent in the State, by serving the Maryland Insurance Commissioner. Any judgment subsequently rendered shall be limited to the limits of the applicable insurance. This provision does not apply if the defendant has no actual knowledge of the lawsuit and the insurer has validly disclaimed insurance coverage for noncooperation or otherwise.

The bill's provisions apply to any case filed on or after the October 1, 1998 effective date.

Fiscal Summary

State Effect: Potential increase in general and/or special fund revenues. No effect on expenditures.

Local Effect: Potential increase in revenues. No effect on expenditures.

Small Business Effect: Potential meaningful.

Fiscal Analysis

State Effect: The bill could result in increased revenues for the State from civil cases in which the State is plaintiff and is able to obtain and collect on judgments against insured defendants through use of the substituted service of process option (when it otherwise would not be able to do so). State judgment collections can be categorized as either general or special fund revenue, depending on the nature of the claim.

Any extra work for the Maryland Insurance Commissioner's office resulting from this bill could be handled with existing resources.

Local Revenues: The bill could result in increased revenues for local governments in a similar manner as for the State.

Small Business Effect: The bill could result in increased revenues for small businesses in a similar manner as for the State and local governments.

However, the bill could result in increased expenditures for small insurance companies that are required to pay more judgments due to use of the substituted service option.

Information Source(s): Judiciary (Administrative Office of the Courts), Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - February 18, 1998

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