

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 162 (Delegate Kach. *et al.*)

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 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 about the lapse or termination of the insurance coverage, and about the consequences of a lapse or termination of insurance coverage.

The waiver of the right to recover noneconomic loss damages 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, 2000. The rest of the bill sunsets on September 30, 2004.

Fiscal Summary

State Effect: None. 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 \$1,323,000. Related decrease in annual premium revenue of \$1,323,000.

Local Effect: None.

Small Business Effect: Minimal.

Fiscal Analysis

MAIF: MAIF estimates that 441 of its 14,700 bodily injury claims each year will be affected by this bill. The bill would result in approximately \$3,000 savings per case for a total savings of \$1,323,000. MAIF has indicated that this savings would be passed on to its customers with an \$11 reduction in annual premiums.

Information Source(s): Maryland Insurance Administration, Judiciary (District Court of Maryland), Department of Transportation (Motor Vehicle Administration), Maryland Automobile Insurance Fund, Department of Legislative Services

Fiscal Note History: First Reader - February 8, 1999

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