

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

Senate Bill 622 (Senator Bromwell)

Finance

Motor Vehicle Liability Insurance - 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 a 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.

The bill also provides that motor vehicle liability insurance policies may exclude coverage for noneconomic damages to an individual injured in a vehicle not covered by insurance, if the individual owns the vehicle; was the driver; and is deemed to have waived the right to noneconomic damages in accordance with this bill.

Fiscal Summary

State Effect: Indeterminate increase in special fund revenues. Any increase in workload could be handled with existing resources.

Maryland Automobile Insurance Fund (MAIF) Effect: 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

State Effect: Special fund revenues could increase by an indeterminate amount since auto insurance companies would be subject to \$125 rate and form filing fees by the Maryland Insurance Administration. The number of insurers who will file new rates and forms solely as a result of this bill cannot be reliably estimated at this time, since rate and form filings often combine several policy amendments at one time.

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, Maryland Automobile Insurance Fund, Department of Legislative Services

Fiscal Note History: First Reader - February 23, 1999

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