

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 833 (Delegate Elliott)

Economic Matters

Unfair Claim Settlement Practices - Liability of Insurer for Costs and Damages

This bill provides that an insurer or nonprofit health service plan, in a civil action, is liable for reasonable costs and attorney fees of the insured and any punitive damages the court considers appropriate, if found to have engaged in certain unfair claims settlement practices. Specifically, those unfair practices include misrepresenting pertinent facts or policy provisions or refusing to pay a claim for an arbitrary or capricious reason.

Fiscal Summary

State Effect: Potential minimal increase in general fund revenues. No impact on expenditures.

Local Effect: None.

Small Business Effect: Potential minimal.

Fiscal Analysis

State Revenues: Potential minimal increase in general fund revenues from the 2% premium tax. Insurers could potentially pass on the increase in court costs to insurers in the form of premium increases, although it is assumed that any such increase would be negligible.

Information Source(s): Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History:

First Reader - March 7, 1999

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