

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

Senate Bill 653 (Senator Green)

Judicial Proceedings

Personal Injury Claims - Subrogation - Reduction

This bill limits the amount a payor (health insurance carrier) may recover in a subrogation claim arising from a personal injury action if the payor does not appear, in person or by its attorney, in the personal injury action. The amount to be recovered would be reduced by the payor's pro rata share of the injured person's attorney's fees. The reduction may not exceed one-third of the payor's subrogation claim amount. A payor has no obligation to advise an injured person of the injured person's right to a reduction of the subrogation claim. The bill's requirements do not apply to a payor's voluntary reduction of a subrogation claim that exceeds the reduction amount required by the bill.

Fiscal Summary

State Effect: Minimal increase in special fund revenues. No effect on expenditures.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

State Revenues: Special fund revenues could increase by an indeterminate minimal amount in fiscal 2000 because payors (carriers) may be subject to rate and form filing fees. Each affected carrier, including HMOs, that revises its rates and amends its insurance policy must submit the proposed change(s) to the Maryland Insurance Administration (MIA) and pay a \$125 rate and form filing fee. MIA currently requires payors to reduce their recoveries by a pro rata share of the attorneys' fees and court costs. The bill additionally limits the amount

of the reduction to one-third, a provision that may require carriers to amend their contracts. The number of carriers who will file new rates and forms as a result of the bill's requirements cannot be reliably estimated at this time because carriers often combine several rate and policy amendments at one time when filing with MIA.

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

Fiscal Note History: First Reader - February 16, 1999
lnc/jr Revised - Senate Third Reader - March 31, 1999

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