

Department of Legislative Services  
Maryland General Assembly  
2000 Session

FISCAL NOTE  
Revised

Senate Bill 722 (Senator McFadden)  
(Baltimore City Administration)

Finance

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Workers' Compensation - Self-Insured Local Government -  
Compensation Prohibited

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This bill provides that an employee of a self-insured local government may not receive benefits through the local government's personal injury protection (PIP) or uninsured motorist (UM) insurance if the injury is compensable under the State's workers' compensation laws, regardless of whether the employee has applied for or received workers' compensation benefits.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** Local governments that self-insure would experience a decrease in expenditures to the extent that they do not pay both workers' compensation and either PIP or UM benefits.

**Small Business Effect:** None.

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Analysis

**Current Law:** Workers' compensation is the exclusive remedy for covered workers injured on the job. Insurers are required to provide PIP and UM coverage for an individual injured in a motor vehicle accident while using the vehicle with the permission of the insured.

**Background:** In an unpublished opinion, (Opinion No. 89-005, February 15, 1989), the Attorney General concluded that Baltimore City could exclude its employees from PIP and

UM coverage because they were covered by workers' compensation. The Attorney General relied on two Court of Appeals cases, *Nationwide Mutual Ins. Co. v. USF&G*, 314 Md. 131 (1988) and *Harden v. Mass Transit Administration*, 277 Md. 399 (1976). In both cases, the court ruled that State motor vehicles were not subject to PIP and UM requirements.

Baltimore City advises that it does carry PIP and UM coverage for its employees driving city vehicles when they are off-duty.

**Local Expenditures:** Baltimore City advises that it pays out between \$30,000 and \$40,000 annually in PIP benefits. In some cases injured workers apply for and receive workers' compensation benefits for medical bills that have already been paid through PIP.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** HB 724 (Delegate Marriott) - Economic Matters.

**Information Source(s):** Injured Workers' Insurance Fund, Workers' Compensation Commission, Uninsured Employers Fund, Baltimore City, Department of Legislative Services

**Fiscal Note History:** First Reader - February 13, 2000  
cm/jr Revised - Senate Third Reader - March 21, 2000

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Analysis by: Ryan Wilson

Direct Inquiries to:  
John Rixey, Coordinating Analyst  
(410) 946-5510  
(301) 970-5510