

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE

House Bill 1225 (Delegate Nathan-Pulliam)
 Judiciary

Law Enforcement Activities - Compensation for Injury Claims

This bill increases the maximum amounts that may be awarded by the Criminal Injuries Compensation Board (CICB) to claimants. The bill also increases the minimum security amounts applicable to motor vehicle liability claims for death, bodily injury, and property damage.

The bill is effective July 1, 2002 and terminates after June 30, 2005.

Fiscal Summary

State Effect: General fund revenue increase of at least \$5,305,100 in FY 2003, not including insurance premium tax revenues from commercial automobile policies. Special fund revenues for the Maryland Insurance Administration would increase by \$37,500 in FY 2003 only. Special fund expenditures for the Criminal Injuries Compensation Fund would increase by about \$1,195,000 in FY 2003. The out-year estimates for general fund revenues and special fund expenditures assume a growth rate of 3%.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
GF Revenue	\$5,305,100	\$5,464,200	\$5,628,100	\$0	\$0
SF Revenue	37,500	0	0	0	0
SF Expenditure	1,195,000	1,230,900	1,267,800	0	0
Net Effect	\$4,147,600	\$4,233,300	\$4,360,300	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Significant increases in automobile insurance coverage costs, as well as in potential costs associated with re-opened claims. **This bill may impose a mandate on various units of local government.**

Small Business Effect: Meaningful. It is assumed that many small businesses would be affected by the bill's increases to commercial automobile liability coverages. However, because the bill's impact on all such commercial premiums cannot be estimated, the effect cannot be reliably quantified at this time.

Analysis

Bill Summary: The bill increases maximum compensation awards by CICB to victims as follows:

- from \$25,000 to \$100,000 for a disability-related or dependency-related claim;
- from \$45,000 to \$180,000 for a medical claim;
- from \$5,000 to \$20,000 for each claimant for psychiatric, psychological, or mental health counseling;
- a total amount of all awards from \$45,000 to \$250,000, including any subsequent and supplemental awards; and
- for an award for psychiatric, psychological, or mental health counseling made to a parent, child, or spouse of a victim from \$1,000 to \$10,000 for each claimant; and from \$5,000 to \$20,000 for each incident.

In addition, the bill authorizes a person who has suffered injury that is otherwise compensable by CICB but whose claim has previously been dismissed or denied under a provision allowing compensation for negligent operation of an emergency vehicle or by CICB to file or reopen the claim with CICB. Minimum uninsured motorist coverage would accordingly increase to \$80,000/\$200,000 for bodily injury or death. The bill's provisions are also applied retroactively to events occurring on or after January 27, 1996 involving the pursuit of a law enforcement officer of an allegedly stolen vehicle that resulted in serious injury to a bystander.

The bill increases the minimum motor vehicle liability insurance coverage amounts as follows:

- for payment of claims for bodily injury or death arising from an accident, from \$20,000 to \$80,000 for any one person and from \$40,000 to \$200,000 for any two or more persons; and
- for payment of claims for property of others damaged or destroyed in an accident from \$15,000 to \$60,000.

Current Law: The following persons are eligible for awards from the Criminal Injuries Compensation Fund:

- a victim;
- a dependent of a victim who died as a direct result of: (1) a crime or delinquent act; (2) trying to prevent a crime or delinquent act or an attempted crime or delinquent act from occurring in the victim's presence or trying to apprehend a person who had committed a crime or delinquent act in the victim's presence or had committed a felony or a delinquent act that would be considered a felony if committed by an adult; or (3) helping a law enforcement officer perform the officer's duties or helping a member of a fire department who is obstructed from performing the member's duties;
- any person who paid or assumed responsibility for the funeral expenses of a victim who died as a direct result of: (1) a crime or delinquent act; (2) trying to prevent a crime or delinquent act or an attempted crime or delinquent act from occurring in the victim's presence or trying to apprehend a person who had committed a crime or delinquent act in the victim's presence or had committed a felony; or (3) helping a law enforcement officer perform the officer's duties or helping a member of a fire department who is obstructed from performing the member's duties; and
- a parent, child, or spouse of a victim who resides with the victim.

A person who commits the crime or delinquent act that is the basis of a claim, or an accomplice of the person, is not eligible to receive an award.

A claimant must file a claim not later than 180 days after the occurrence of the crime or delinquent act on which the claim is based or 180 days after the death of the victim.

CICB may make an award only if the board finds that: (1) a crime or delinquent act was committed; or (2) the crime or delinquent act directly resulted in physical injury to or death of the victim or psychological injury to the victim that necessitated mental health counseling; (3) police, other law enforcement, or judicial records show that the crime or delinquent act or the discovery of child abuse was reported to the proper authorities within 48 hours after the occurrence of the crime or delinquent act or the discovery of the child abuse; and (4) the victim has cooperated fully with all law enforcement units.

The board may make an award only if the claimant, as a result of the injury on which the claim is based, has: (1) incurred at least \$100 in unreimbursed and unreimbursable expenses or indebtedness reasonably incurred or claimed for specified necessary services; or (2) lost at least two continuous weeks' earnings or support.

Compensation awarded may not exceed:

- \$25,000 for a disability-related or dependency-related claim;
- \$45,000 for a medical claim;
- \$5,000 for each claimant for psychiatric, psychological, or mental health counseling;
- a total of \$45,000, including any subsequent and supplemental awards;
- \$250 for each claimant for repair, replacement, or cleaning of property damaged, soiled, or littered as a result of a crime or law enforcement investigation of a crime; or
- for an award for psychiatric, psychological, or mental health counseling made to a parent, child, or spouse of a victim, \$1,000 for each claimant; and \$5,000 for each incident.

An award made under these provisions must be reduced by the amount of any payments received or to be received as a result of the injury: (1) from or on behalf of the offender; (2) from any other public or private source, including an award of the State Workers' Compensation Commission under the Maryland Workers' Compensation Act; or (3) as an emergency award under these provisions. If there are two or more persons entitled to an award as a result of the death of a victim, the award must be apportioned among the claimants. CICB may negotiate a settlement with a health care provider for the medical and medically related expenses.

The minimum motor vehicle liability insurance coverage amounts in Maryland are as follows:

- for payment of claims for bodily injury or death arising from an accident, \$20,000 for any one person and \$40,000 for any two or more persons, in addition to interest and costs;
- for payment of claims for property of others damaged or destroyed in an accident, \$15,000, in addition to interest and costs;
- unless waived, \$2,500 in personal injury protection coverage; and
- uninsured motorist coverage of \$20,000/\$40,000 for bodily injury or death.

State Fiscal Effect:

Department of Public Safety and Correctional Services

This bill would significantly increase special fund expenditures for the Criminal Injuries Compensation Board. Based on fiscal 2001 claims data, and limited to only those claims that were made under the current law limits, the fund would experience an overall 28% increase in awards (\$1,195,006) as follows:

	<u>FY 2001 Claims</u>	<u>Under HB 1225</u>
Medical	\$2,873,739	\$3,353,739
Disability	\$584,982	\$959,982
Funeral	N/A	N/A
Dependency	\$203,500	\$528,500
Other	\$45,485	\$60,485
Total	\$4,245,991	\$5,440,991

Assuming that fiscal 2001 was a typical year, awards for claims would continue at the increased levels for the three-year period covered by the bill only. Future years (fiscal 2004 and 2005) reflect a growth rate of 3%. Costs for the individual case or cases that may fall under the bill's application to claims previously denied or dismissed or to certain events occurring on or after January 27, 1996 cannot be readily quantified. It is reasonable to assume that some unknown number of cases or renewed claims falling into either of these categories would also increase awards actually made under the bill by indeterminate amounts.

In addition, this bill's changes relating to motor vehicle coverages would apply to all personal and commercial vehicles in the State. The bill would increase the minimum amount of coverage required for any motor vehicle liability policy issued in Maryland.

Maryland Insurance Administration

The Maryland Insurance Administration (MIA) estimates that, under the bill, about 100 independent *personal* automobile insurers would file revised forms and pay a \$125 fee to the State for each filing and file revised rates (and rules) also at a cost of \$125 per filing for a total of \$25,000 of filing fee revenue in fiscal 2003 only. In addition, MIA estimates that about 100 independent *commercial* automobile insurers would file revised rates (and rules) at \$125 per filing for a total of \$12,500 in filing fee revenue also in fiscal 2003 only. Accordingly, this bill is estimated to generate a total of \$37,500 in special fund filing fee revenue in fiscal 2003. It is assumed that MIA would be able to review all of the additional filings with existing budgeted resources.

It is estimated that 30% of all drivers have limits below the limits required under the bill (80/200/60) for liability and/or uninsured motorist coverage. Accordingly, 70% of private and commercial drivers would not be affected. Overall, rates could increase by about 35%.

MIA estimates that all private passenger automobile liability premiums could increase by 20.5% under the bill. The resulting insurance premium tax revenues paid to the State

would increase by \$5,305,069 in fiscal 2003 and by about 3% through fiscal 2005. All such revenue is deposited to the general fund.

MIA is not able to estimate the bill's impact on commercial automobile liability premiums or any resultant premium tax revenue. It is also unknown how many drivers would or could return to lesser coverage amounts after the bill's provisions expire on July 1, 2005.

Finally, because the State self-insures its vehicles, this bill could also result in additional payouts on negligence claims involving State vehicles previously dismissed but allowed to be reopened under the provisions of the bill until the end of fiscal 2005. Such an impact cannot be readily quantified, but could be significant.

Local Fiscal Effect: This bill would significantly increase automobile insurance coverage rates paid by counties and municipalities in the State to automobile insurance carriers. It is not known what levels of motor vehicle insurance coverage is typically now held by units of county or municipal government. For jurisdictions that self-insure, this bill could also result in additional payouts on negligence claims involving government vehicles previously dismissed but allowed to be re-opened under the provisions of the bill until the end of fiscal 2005. Such an impact cannot be readily quantified, but could be significant to any affected jurisdiction.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts), Department of Public Safety and Correctional Services, Department of Legislative Services

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