

Department of Legislative Services  
Maryland General Assembly  
2003 Session

FISCAL AND POLICY NOTE

House Bill 832  
Judiciary

(Delegate O'Donnell, *et al.*)

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Payment of Future Economic Damages

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This bill requires a court or health claims arbitration panel to order that all or part of future economic damages exceeding \$100,000 be paid in the form of annuities or other appropriate financial instruments, or in periodic or other payments consistent with the needs of the plaintiff, if the parties agree or if a party files an election.

The bill applies prospectively and may not be applied to actions filed before the bill's October 1, 2003 effective date.

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Fiscal Summary

**State Effect:** The bill is consistent with current practice. It is not expected to have a significant impact on government operations or finances.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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Analysis

**Bill Summary:** All parties may agree at any time that future economic damages of \$100,000 or more are to be paid by annuities or other appropriate financial instruments or in periodic payments. In the alternative, a party may file an election for such a future payment arrangement at least 120 days before trial. Objections are due within 30 days after service of the election. An election is effective unless: (a) the plaintiff stipulates that the claim for future economic damages does not exceed \$100,000; or (b) at least 30

days before trial, the court or panel finds good cause why an award of future economic damages should not be paid in the form of annuities, other financial instruments, or periodic payments. An election may be withdrawn only by consent of all parties to the action.

If the court or panel orders the award to be paid in a form other than a lump sum, it shall further order that the defendant or the defendant's insurer purchase an annuity from an insurance company that has among the top range of ratings from two or more of the following rating organizations:

- A. M. Best Company;
- Duff & Phelps Credit Rating Company;
- Moody's Investor's Service;
- Standard & Poor's Corporation; or
- another national rating organization, if the rating and the organization are found to be appropriate by the court or panel.

**Current Law:** A court or health claims arbitration panel may order that all or part of the future economic damages portion of an award be paid in the form of annuities or other financial instruments, or in periodic or other payments consistent with the needs of the plaintiff.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Judiciary (Administrative Office of the Courts), Maryland Health Claims Arbitration Office, Department of Legislative Services

**Fiscal Note History:** First Reader - February 24, 2003  
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