

Department of Legislative Services  
Maryland General Assembly  
2007 Session

FISCAL AND POLICY NOTE

House Bill 532  
Economic Matters

(Delegate Davis)

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Maryland Automobile Insurance Fraud Act

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This bill prohibits a practitioner (an attorney, health care professional, owner of a health care practice or facility, or a person employed or acting on behalf of one of these persons) from employing a “runner” with the intent to falsify or fraudulently: (1) obtain benefits under a contract of insurance; or (2) assert a claim against an insured or an insurer for providing services to a client, patient, or customer. The bill also prohibits a person from acting as a runner for a practitioner with the intent to falsely or fraudulently perform these prohibited acts.

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Fiscal Summary

**State Effect:** The bill would not substantively change the activities or operations of the Maryland Insurance Administration. The criminal penalty provisions of this bill are not expected to significantly affect State finances or operations.

**Local Effect:** The criminal penalty provisions of this bill are not expected to significantly affect local government finances or operations.

**Small Business Effect:** None.

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Analysis

**Bill Summary:** A person may not inspect or obtain a copy of a motor vehicle accident report from a law enforcement agency if the person does not have an existing familial or professional relationship with a party to the accident during a 60-day period after the accident.

A person with an existing familial or professional relationship with a party to an accident may inspect or obtain a copy of the report after: (1) producing and photocopying a government-issued photo identification; and (2) providing a signed statement that contains specified information. For each such request, a law enforcement agency must maintain a copy of the photo identification and the statement for one year.

Violation of the bill is a misdemeanor with to a maximum penalty of imprisonment for up to one year and/or a fine of up to \$1,000.

**Current Law:** It is a fraudulent insurance act for a person to solicit, for personal gain, an individual injured by or in a motor vehicle to: (1) sue or retain a lawyer to represent that individual in a lawsuit; or (2) seek care from a health care practitioner. It is also a fraudulent insurance act for a lawyer or health care practitioner to employ or in any way compensate a person for the purpose of having that person solicit or attempt to solicit clients for the lawyer or health care practitioner. These prohibitions do not affect public communications or activity allowed by applicable rules of professional conduct of activity protected under the State or federal constitution.

Violation of these provisions is a felony with a maximum penalty of imprisonment for up to 15 years and/or a fine of up to \$15,000.

**Background:** The bill reflects model acts adopted by the National Association of Insurance Commissioners and the National Conference of Insurance Legislators. The 2005 Automobile Insurance Task Force to Study Rates in Urban Areas found that insurance fraud is one of the causes for higher insurance premiums.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Judiciary (Administrative Office of the Courts), Maryland Insurance Administration, Maryland Automobile Insurance Fund, Montgomery County, Washington County, Worcester County, Department of Legislative Services

**Fiscal Note History:** First Reader - February 19, 2007  
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