

Department of Legislative Services  
Maryland General Assembly  
2008 Session

FISCAL AND POLICY NOTE

House Bill 7  
Judiciary

(Delegate Sophocleus)

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Athletic Associations - Civil Liability

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This bill limits the liability of “athletic associations” by expanding the definition of “associations or organizations” for purposes of the Maryland Associations, Organizations, and Agents Act (MAOAA) to include athletic associations. An athletic association is defined as a nongovernmental entity, organized and operated exclusively to foster amateur sports competition, that has been in continuous existence for at least three consecutive years.

The bill only applies prospectively to causes of action arising on or after the October 1, 2008 effective date.

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Fiscal Summary

**State Effect:** None. The bill would not materially affect State operations or finances.

**Local Effect:** None. The bill would not materially affect local government operations or finances.

**Small Business Effect:** None.

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Analysis

**Current Law:** MAOAA limits the liability of specified organizations for the act or omission of an agent of the organization if the organization maintains liability insurance meeting specified minimums. If the liability insurance is maintained by the organization: (1) the agents (directors, officers, trustees, employees, and volunteers) of the organization

may not be held personally liable as long as the acts are made without malice or gross negligence; and (2) the organization's liability for the act or omission is limited to the applicable limit of insurance coverage.

In order to limit liability, the organization's insurance must:

- cover liability incurred by it or its agents, or both, as a result of the acts or omissions of its agents in providing services or performing duties on behalf of the association or organization;
- provide coverage for the act or omission that is the subject matter of the suit and provide no meritorious basis for denying coverage by the insurer; and
- have a coverage limit of at least • \$200,000 per individual claim, and \$500,000 per total claims arising from the same occurrence; or \$750,000 per policy year, and \$500,000 per total claims that arise from the same occurrence; and • a deductible amount of no more than \$10,000 per occurrence or a coinsurance rate of no more than 20%, whichever is applicable.

Agents of athletic clubs, charitable organizations, civic leagues or organizations, community associations, cooperative housing corporations, condominium boards, and homeowners' associations are included in MAOAA.

**Background:** Information regarding the number of athletic associations in Maryland to which this bill would apply is not readily ascertainable. Many entities called athletic associations are already protected under the Act. For example, the Naval Academy Athletic Association is exempt from taxation under § 501(c)(3) of the Internal Revenue Code and is therefore already included under MAOAA as a charitable organization. Other entities that meet the definition of "athletic associations" under the proposed bill are similarly covered under MAOAA. For example, the Upper Montgomery Athletic Club operates to promote amateur sports and has been in existence for over three years. It is also already covered under MAOAA as a charitable organization.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - January 14, 2008  
ncs/jr

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