

**Department of Legislative Services**  
Maryland General Assembly  
2008 Session

**FISCAL AND POLICY NOTE**

Senate Bill 148

(Chair, Finance Committee)

(By Request – Departmental – Automobile Insurance Fund)

Finance

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**Maryland Automobile Insurance Fund - Uninsured Division - Claims**

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This departmental bill excludes specified parties from those eligible to make a qualifying claim against the Uninsured Division of the Maryland Automobile Insurance Fund (MAIF).

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**Fiscal Summary**

**State Effect:** The bill would not directly affect State finances or operations.

**MAIF:** Explicitly precluding the specified parties from filing claims would save MAIF the cost of defending against such claims in court as well as reduce claim payments and related administrative costs. MAIF believes the savings would be about \$200,000 annually.

**Local Effect:** None.

**Small Business Effect:** MAIF has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

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**Analysis**

**Bill Summary:** The parties excluded by the bill from making claims against MAIF are

- a beneficiary of a certificate of self-insurance under the Insurance Article;
- an owner or operator of a taxicab that does not have uninsured motorist coverage;
- a person that owns any registered uninsured motor vehicle;
- a claimant driving a motor vehicle

without a *valid* certificate of registration at the time of the accident; • a claimant who was not holding a *valid* driver's license at the time of the accident; and • a claimant who, at the time of the accident, was driving or riding in a motor vehicle operated without the permission of the owner.

**Current Law:** The Uninsured Division of MAIF, historically referred to as the "UCJ" Fund, exists to compensate qualifying individuals who file accident-related claims against unidentified, disappearing, or unavailable and uninsured vehicles. Persons holding private insurance policies that provide similar coverage are not permitted to file such claims against the UCJ Fund. Qualified claimants currently include • a resident of the State; • the owner of a motor vehicle registered in the State; • a nonresident with a vehicle that bears temporary registration plates issued by the State; • a resident of another state or foreign country that affords recourse to residents of Maryland that is substantially similar to that provided under MAIF; and • an individual injured by an uninsured motorist who later files for bankruptcy or other protection from creditors that bars MAIF from a subrogation recovery. Individuals driving with licenses or in vehicles with certificates of registration that have been suspended, canceled, or revoked are currently excluded from making claims – the bill alters the wording of these provisions for clarity.

**Background:** Although the Insurance Article prevents holders of certificates of self insurance with the Motor Vehicle Administration from filing claims against the UCJ Fund, recent court decisions have allowed individual taxi owners who are beneficiaries under a group certificate to file such claims because they are not specifically excluded. Furthermore, taxi owners and operators who choose not to purchase available uninsured motorist coverage for protection have historically filed claims against the UCJ Fund for uninsured losses.

Owners of registered but uninsured motor vehicles have not yet been specifically precluded from making claims against the UCJ Fund. While drivers with suspended or revoked licenses or registrations have always been precluded from filing UCJ Fund claims, drivers with *no* driving privileges who are driving in violation of Maryland law are not excluded. Also, passengers of vehicles that are stolen or operated without the permission of the owner are not currently excluded, although under certain conditions the drivers of such vehicles may be excluded.

MAIF estimates that the bill will reduce the number of UCJ Fund claims by approximately 40 per year, which equates to a savings of approximately \$200,000.

Created by the General Assembly in 1972, MAIF provides automobile liability insurance to residents of the State who are unable to obtain policies in the private insurance market. MAIF is an independent agency of the State that reports directly to the Governor, and

whose general operating principles are defined by statute. Rules governing MAIF are set out by law in Title 20 of the Insurance Article of the Annotated Code of Maryland. Operating funds for MAIF are received from the insurance premiums written with MAIF. MAIF receives no State funding, and any debts or obligations of MAIF cannot be deemed to be debts of the State of Maryland.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Automobile Insurance Fund, Department of Legislative Services

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