

COUNCIL OF THE COUNTY OF MAUI
COMMITTEE OF THE WHOLE

March 11, 2005

**Committee
Report No.**

05-27

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Committee of the Whole, having met on March 1, 2005, makes reference to County Communication No. 05-86, from Councilmember Michael J. Molina, attaching correspondence dated February 9, 2005, from the Department of the Corporation Counsel, transmitting supporting information and a proposed bill entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 3.16.020, MAUI COUNTY CODE, RELATING TO SETTLEMENT OF CLAIMS AND OTHER CIVIL LITIGATION".

The purpose of the proposed bill is to increase the amount required for Council approval for the settlement of claims and other civil litigation from in excess of \$3,000 to in excess of \$7,500.

At its meeting, your Committee met with the Risk Manager from the Department of Finance, and two Deputy Corporation Counsel.

There was no public testimony.

Your Committee received a brief overview of the proposed bill from a Deputy Corporation Counsel.

The Risk Manager recommended raising the settlement limits needing Council approval as follows: for worker's compensation cases from \$3,000 to \$30,000 or \$35,000; for property damage, including automobile accidents, from \$3,000 to \$15,000, \$20,000 or \$25,000; and for liability cases from \$3,000 to \$7,500. He noted that his recommendations are based on what is commonly done at the State level.

Your Committee discussed the potential for increased efficiency resulting from the possible passage of the proposed bill. Your Committee noted that claimants or plaintiffs often experience delays in payment or repayment for damages in clear liability cases due to the need for Council approval. Your

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Committee discussed the fact that the County sometimes incurs additional expenses due to the time required for Council approval. A common example cited was for automobile rental fees.

Your Committee discussed the possibility of increased claims with any increase in the Department of the Corporation Counsel's settlement authority. A Deputy Corporation Counsel indicated that in her opinion, this would not occur because the majority of personal injury cases do not involve damages less than \$7,500. She noted that most of the cases that are settled for less than \$7,500 are property damage cases. An increase in the Department's settlement authority would have no relationship to the number of property damage cases.

Your Committee discussed whether a formula was used to identify the suggested increase to \$7,500. A Deputy Corporation Counsel indicated that no formula was used. However, your Committee noted that the existing amount was established either in 1977 or in the prior Maui County Code. Your Committee discussed the effect of inflation on dollar values since 1977.

Your Committee discussed the possibility of abuse by individuals with increased discretionary authority over settlement amounts, and that public scrutiny of such expenditures would be reduced.

Your Committee discussed the possibility of amending the proposed bill to increase the amount required for Council approval for the settlement of claims and other civil litigation from in excess of \$3,000 to in excess of \$6,000, or the possibility of allowing worker's compensation cases to be settled for the straight statutory rating of the case plus 2 percent for each body part rated or up to \$10,000.

Your Committee discussed the possibility of entertaining amendments to the proposed bill at first reading.

Your Committee voted to recommend passage of the proposed bill and filing of the communication.

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Your Committee of the Whole RECOMMENDS the following:

1. That Bill No. _____ (2005), attached hereto, entitled "A BILL FOR AN ORDINANCE AMENDING SECTION 3.16.020, MAUI COUNTY CODE, RELATING TO SETTLEMENT OF CLAIMS AND OTHER CIVIL LITIGATION", be PASSED ON FIRST READING and be ORDERED TO PRINT; and
2. That County Communication No. 05-86 be FILED.

Adoption of this report is respectfully requested.

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