

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 118 (Delegate Doory, *et al.*)
Judiciary

Civil Actions - Liability of Insurer for Damages, Costs, and Expenses

This bill allows an insured to recover costs and expenses, including reasonable attorney's fees, from an insurer in a civil action to determine insurance coverage or entitlement to payment for a covered loss, if the court finds in favor of the insured. It also provides that a prevailing insured may recover three times the amount that should have been paid under the policy if the insured proves that the insurer acted in bad faith or without reasonable justification in denying coverage or failing to make a payment under the policy. The bill provides that these provisions may not be construed to limit the right to maintain an action for damages otherwise available.

The bill is to be construed prospectively only; it would not apply to a cause of action arising before October 1, 1997, the bill's effective date.

Fiscal Summary

State Effect: None. The bill would not directly affect governmental operations or finances.

Local Effect: None.

Small Business Effect: Potential minimal impact on small businesses as discussed below.

Fiscal Analysis

Small Business Effect: To the extent that any insureds that recover increased damages, costs, and expenses as a result of this bill are small businesses, those businesses will benefit. However, since insurance premiums are based in part on the losses experienced by insurers, if damages awarded increase, insureds, including small businesses and consumers, could realize increased premiums.

Information Source(s): Maryland Insurance Administration, Department of Fiscal Services

Fiscal Note History: First Reader - February 7, 1997

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