

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

Senate Bill 566 (Senator Grosfeld)
Judicial Proceedings

Civil Actions - Liability of Insurer for Expenses, Litigation Costs, and Interest

This bill authorizes 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. A prevailing insured may recover interest at the legal rate on costs and expenses incurred by the insured from the date the claim was submitted. These provisions do not 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, 2004, 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.

Analysis

Current Law: The legal rate of interest on a judgment is 10% per annum on the amount of the judgment.

Background: Litigation costs and attorney's fees are generally not recoverable in civil actions.

Small Business Effect: Small entities could recover expenses and litigation costs from insurance companies under certain circumstances, but could also face increased premiums if additional expenditures by insurance companies lead to this result.

Additional Information

Prior Introductions: HB 1328 of 2000 received an unfavorable report from the House Economic Matters Committee.

Cross File: None.

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

Fiscal Note History: First Reader - February 29, 2004
lc/jr

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