
By: **Delegates Doory, Vallario, Grosfeld, Montague, T. Murphy, Petzold,
Dembrow, and Perry**

Introduced and read first time: February 13, 1998

Assigned to: Judiciary

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of providing that an insured is entitled to recover certain costs and
4 expenses under certain circumstances in certain actions to determine insurance
5 coverage or entitlement to payment for a covered loss; providing for recovery of
6 interest at a certain rate on certain costs and expenses from a certain date;
7 providing for the application of this Act; and generally relating to the recovery of
8 costs and expenses and damages in certain actions involving an insured and its
9 insurer.

10 BY adding to

11 Article - Courts and Judicial Proceedings
12 Section 3-1501 to be under the new subtitle "Subtitle 15. Liability of Insurer"
13 Annotated Code of Maryland
14 (1995 Replacement Volume and 1997 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article - Courts and Judicial Proceedings**

18 **SUBTITLE 15. LIABILITY OF INSURER.**

19 3-1501.

20 (A) THIS SECTION MAY NOT BE CONSTRUED TO LIMIT THE RIGHT OF ANY
21 PERSON TO MAINTAIN AN ACTION FOR DAMAGES OTHERWISE AVAILABLE.

22 (B) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, IN ANY CIVIL ACTION
23 IN WHICH AN INSURED SUES OR IS SUED BY ITS INSURER TO DETERMINE WHAT
24 COVERAGE, IF ANY, EXISTS UNDER THE INSURER'S INSURANCE POLICY OR TO
25 DETERMINE THE EXTENT TO WHICH THE INSURED IS ENTITLED TO RECEIVE
26 PAYMENT FROM THE INSURER FOR A COVERED LOSS, IF THE COURT FINDS IN FAVOR
27 OF THE INSURED, THE INSURED SHALL BE ENTITLED TO RECOVER:

1 (1) COSTS AND EXPENSES, INCLUDING REASONABLE ATTORNEY'S FEES,
2 INCURRED BY THE INSURED; AND

3 (2) INTEREST AT DOUBLE THE LEGAL RATE ON ALL COSTS AND
4 EXPENSES INCURRED BY THE INSURED FROM THE DATE THE CLAIM WAS
5 SUBMITTED TO THE INSURER OR ITS AGENT.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
7 construed only prospectively and may not be applied or interpreted to have any effect
8 on or application to a cause of action arising before the effective date of this Act.

9 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 October 1, 1998.