
By: **Delegates Doory and Vallario**
Introduced and read first time: February 3, 1999
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 may recover certain costs and expenses
4 under certain circumstances in certain actions to determine insurance coverage
5 or entitlement to payment for a covered loss; providing for recovery of interest at
6 a certain rate on certain costs and expenses from a certain date; providing for
7 the application of this Act; and generally relating to the recovery of costs,
8 expenses, and damages in certain actions involving an insured and its insurer.

9 BY adding to
10 Article - Courts and Judicial Proceedings
11 Section 3-1501 to be under the new subtitle "Subtitle 15. Liability of Insurer"
12 Annotated Code of Maryland
13 (1998 Replacement Volume)

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

16 **Article - Courts and Judicial Proceedings**

17 **SUBTITLE 15. LIABILITY OF INSURER.**

18 3-1501.

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

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

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

3 (2) INTEREST AT THE LEGAL RATE ON ALL COSTS AND EXPENSES
4 INCURRED BY THE INSURED FROM THE DATE THE CLAIM WAS SUBMITTED TO THE
5 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 any 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, 1999.