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By: **Delegate Hill**

Introduced and read first time: February 21, 2000

Assigned to: Rules and Executive Nominations

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A BILL ENTITLED

1 AN ACT concerning

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

4 FOR the purpose of authorizing the recovery by an insured, in certain civil actions  
5 between an insured and an insurer, of expenses, litigation costs, and interest;  
6 providing that the interest is to be computed at a certain rate and from a certain  
7 date; and providing for the application of this Act.

8 BY adding to  
9 Article - Courts and Judicial Proceedings  
10 Section 3-1601 to be under the new subtitle "Subtitle 16. Liability of Insurer"  
11 Annotated Code of Maryland  
12 (1998 Replacement Volume and 1999 Supplement)

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

15 **Article - Courts and Judicial Proceedings**

16 **SUBTITLE 16. LIABILITY OF INSURER.**

17 3-1601.

18 (A) THIS SECTION APPLIES IN A CIVIL ACTION FILED BY AN INSURED AGAINST  
19 ITS INSURER OR BY AN INSURER AGAINST ITS INSURED TO DETERMINE:

20 (1) THE COVERAGE THAT EXISTS UNDER THE INSURER'S INSURANCE  
21 POLICY; OR

22 (2) THE EXTENT TO WHICH THE INSURED IS ENTITLED TO RECEIVE  
23 PAYMENT FROM THE INSURER FOR A COVERED LOSS.

24 (B) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, IF THE COURT IN AN  
25 ACTION UNDER THIS SECTION FINDS IN FAVOR OF THE INSURED, THE INSURED MAY  
26 RECOVER FROM THE INSURER:

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

3 (2) INTEREST ON ALL EXPENSES AND LITIGATION COSTS INCURRED BY  
4 THE INSURED, COMPUTED:

5 (I) AT THE RATE ALLOWED UNDER § 11-107(A) OF THIS ARTICLE;  
6 AND

7 (II) FROM THE DATE THE CLAIM THAT WAS THE SUBJECT OF THE  
8 CIVIL ACTION WAS SUBMITTED TO THE INSURED OR THE AGENT OF THE INSURED.

9 (C) THIS SECTION DOES NOT LIMIT THE RIGHT OF ANY PERSON TO MAINTAIN  
10 A CIVIL ACTION FOR DAMAGES OTHERWISE AVAILABLE UNDER ANY OTHER  
11 PROVISION OF LAW.

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

15 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
16 October 1, 2000.