

SENATE BILL 566

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HB 1328/00 - ECM

2004 Regular Session
4r2553

By: **Senator Grosfeld**

Introduced and read first time: February 6, 2004

Assigned to: Judicial Proceedings

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; providing for the application of this Act; and generally relating to recovery
8 of certain expenses, litigation costs, and interest by an insured under certain
9 circumstances.

10 BY adding to

11 Article - Courts and Judicial Proceedings
12 Section 3-1701 to be under the new subtitle "Subtitle 17. Liability of Insurer"
13 Annotated Code of Maryland
14 (2002 Replacement Volume and 2003 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 17. LIABILITY OF INSURER.**

19 3-1701.

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

22 (1) THE COVERAGE THAT EXISTS UNDER THE INSURER'S INSURANCE
23 POLICY; OR

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

1 (B) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, IF THE TRIER OF
2 FACT IN AN ACTION UNDER THIS SECTION FINDS IN FAVOR OF THE INSURED, THE
3 INSURED MAY RECOVER FROM THE INSURER:

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

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

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

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

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

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

19 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 October 1, 2004.