

By: **Delegates Myers, Bartlett, Boteler, Cluster, Elliott, Hogan, Kelly, Mayer, McDonough, McKee, Shank, Stull, and Weldon**

Introduced and read first time: February 6, 2006

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Insurance - Recovery of Costs for Rental Vehicle**

3 FOR the purpose of authorizing certain persons entitled to recover for damage to or
4 destruction of a motor vehicle to recover the reasonable costs actually incurred
5 in renting a comparable substitute motor vehicle under certain circumstances;
6 providing that the rental period for which costs may be recovered may not
7 exceed a certain period of time; providing that a certain provision of this Act
8 does not relieve a person of the duty to mitigate damages; providing that if an
9 insurer fails to reimburse a person entitled to recover certain costs and a court
10 finds that the failure was not made in good faith, the insurer is liable to the
11 person in a certain amount; providing that if a court finds that a certain action
12 is brought against an insurer in bad faith or is frivolous, the court may award
13 reasonable attorney's fees to the insurer; providing that a certain provision of
14 this Act does not preclude a party from seeking additional remedies; providing
15 for the application of this Act; and generally relating to motor vehicle insurance
16 and recovery for loss of use of a motor vehicle.

17 BY adding to
18 Article - Insurance
19 Section 19-517
20 Annotated Code of Maryland
21 (2002 Replacement Volume and 2005 Supplement)

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

24 **Article - Insurance**

25 19-517.

26 (A) THIS SECTION APPLIES TO AN INSURER THAT ISSUES, SELLS, OR
27 DELIVERS A MOTOR VEHICLE LIABILITY INSURANCE POLICY IN THE STATE.

1 (B) (1) SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, IF A
2 PERSON IS ENTITLED TO RECOVER FOR DAMAGE TO OR DESTRUCTION OF A MOTOR
3 VEHICLE, IN ADDITION TO ANY OTHER DAMAGES TO WHICH THE PERSON MAY BE
4 ENTITLED, THE PERSON MAY RECOVER THE REASONABLE COSTS ACTUALLY
5 INCURRED IN RENTING A COMPARABLE SUBSTITUTE MOTOR VEHICLE FOR THE
6 PERIOD OF TIME THE PERSON IS DEPRIVED OF THE USE OF THE ORIGINAL MOTOR
7 VEHICLE.

8 (2) THE RENTAL PERIOD FOR WHICH COSTS MAY BE RECOVERED MAY
9 NOT EXCEED:

10 (I) A REASONABLE PERIOD OF TIME FOR REPAIRS TO BE MADE TO
11 THE MOTOR VEHICLE; OR

12 (II) IF THE ORIGINAL MOTOR VEHICLE IS A TOTAL LOSS, A
13 REASONABLE TIME TO PURCHASE A NEW MOTOR VEHICLE.

14 (3) THIS SUBSECTION DOES NOT RELIEVE A PERSON OF THE DUTY TO
15 MITIGATE DAMAGES.

16 (C) (1) IF AN INSURER FAILS TO REIMBURSE A PERSON ENTITLED TO
17 RECOVER RENTAL COSTS UNDER SUBSECTION (B) OF THIS SECTION, AND A COURT
18 SUBSEQUENTLY FINDS THAT THE FAILURE WAS NOT MADE IN GOOD FAITH, THE
19 INSURER IS LIABLE TO THE PERSON IN AN AMOUNT THE GREATER OF:

20 (I) \$500; OR

21 (II) TWICE THE AMOUNT OF THE RECOVERABLE RENTAL COSTS.

22 (2) IF A COURT FINDS THAT AN ACTION BROUGHT BY A PERSON
23 AGAINST AN INSURER FOR THE RECOVERY OF RENTAL COSTS UNDER SUBSECTION
24 (B) OF THIS SECTION IS BROUGHT IN BAD FAITH OR IS FRIVOLOUS, THE COURT MAY
25 ORDER THE PERSON TO PAY THE INSURER REASONABLE ATTORNEY'S FEES.

26 (3) THIS SUBSECTION DOES NOT PRECLUDE A PARTY FROM SEEKING
27 ANY ADDITIONAL REMEDIES THAT MAY BE AVAILABLE.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
29 motor vehicle liability insurance policies and contracts issued, delivered, or renewed
30 in the State on or after the effective date of this Act.

31 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 October 1, 2006.