



# Maryland

## INSURANCE ADMINISTRATION

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### **A Guide for Consumers Filing a §27-1001 Civil Complaint**

A Maryland consumer who has a property and casualty insurance policy (property and casualty insurance includes automobile, homeowners, fire and/or dwelling, inland marine, commercial liability policies) or an individual disability policy (a policy that provides for lost income, revenue, or proceeds in the event that an illness, accident, or injury results in a disability that impairs an insured's ability to work or otherwise generate income, revenue, or proceeds that the insurance is intended to replace) that was issued, sold or delivered in Maryland and believes that his/her property and casualty insurer or his/her individual disability insurer failed to act in good faith in making a decision regarding his/her first-party insurance claim, may seek special damages against the insurer by filing a civil complaint, in addition to or in place of filing an administrative consumer complaint with the Maryland Insurance Administration (MIA). The Insurance Article defines good faith as making a judgment based on honesty and diligence supported by evidence the insurer knew or should have known at the time the insurer made a decision on the claim. If the Maryland consumer files a civil complaint and the insurer is found to have failed to act in good faith, the insured may be entitled to an award with enhanced damages. Such enhanced damages may include, in addition to the actual contract damages, litigation expenses, including reasonable attorneys' fees not to exceed one third of the actual damages payable to the insured, and interest at the post-judgment rate.

Please note that a civil complaint need not be filed with the MIA where:

- the claims are for less than \$5,000, not including interest, costs and attorney's fees
- both the insured and insurer agree to waive the requirement to file with the MIA; or,
- the claims are made under a commercial insurance policy, to which the applicable limit of liability exceeds \$1,000,000.

The civil complaint must:

1. specify the applicable insurance coverage and the amount of the claim being made under the applicable coverage;
2. allege the absence of good faith – i.e. allege that the insurer failed to make an informed decision based on honesty and diligence supported by the evidence the insurer knew or should have known at the time it made its claim decision;
3. state the amount of the actual damages the insured contends that he/she is entitled to receive and the claims for expenses and litigation costs; and
4. be accompanied by each document that the insured has submitted to the insurer in support of the claim or for proof of loss.

The civil complaint must include a “civil coversheet.” The civil coversheet is available:

1. on the MIA’s website at [www.insurance.maryland.gov/Consumer/Documents/27-1001complaintinformationsheet06-09.pdf](http://www.insurance.maryland.gov/Consumer/Documents/27-1001complaintinformationsheet06-09.pdf);
2. at the MIA’s office at 200 Saint Paul Place, Suite 2700, Baltimore, MD 21202; and
3. by mail on request by writing to the Appeals Clerk at the Maryland Insurance Administration, 200 Saint Paul Place, Suite 2700, Baltimore, MD 21202.

The Plaintiff Insured is required to file an original and one copy. The MIA requests the Plaintiff Insured also include a copy of the entire civil complaint and the civil coversheet on CD ROM in PDF format, but this is not required. The Section 27-1001 civil complaint, including all supporting documents and the civil coversheet, shall be filed in an envelope that is marked in bold print in the lower left corner “27-1001 Filing.”

Once complete, the civil complaint and coversheet may be filed with the MIA by sending them via:

1. first class mail addressed to: Appeals Clerk at the Maryland Insurance Administration, 200 Saint Paul Place, Suite 2700, Baltimore, MD 21202;
2. a commercial overnight delivery service addressed to the MIA’s official street address; or
3. hand delivery addressed to: Appeals Clerk at the official street address of the MIA. Hand filings will be accepted at the MIA between the hours of 8 a.m. and 4 p.m.

Once the Appeals Clerk confirms that the filing is complete, she/he will forward a copy of the civil complaint together with the civil coversheet and supporting documentation to

the insurer alleged to have acted in the absence of good faith (the Defendant Insurer). Thereafter, the Defendant Insurer shall submit a responsive filing to the MIA within 30 days after the date the MIA forwarded a copy of the Plaintiff Insured's civil complaint to it. At the same time the Defendant Insurer submits its responsive filing to the MIA, a copy will be sent to the Plaintiff insured.

Within 90 days of receiving the Plaintiff Insured's filed civil complaint, the MIA must issue a decision that determines:

1. whether the Defendant Insurer is required to cover the policyholder's claim;
2. the amount the Plaintiff Insured is entitled to receive from the Defendant Insurer under the policy;
3. whether the Defendant Insurer breached its obligation under the policy to cover and pay the policyholder's claim;
4. whether the Defendant Insurer that breached its obligation failed to act in good faith; and
5. the amount of damages, expenses, litigation costs, and interest that should be awarded to the policyholder.

A copy of the MIA's decision will be provided to the Plaintiff Insured and the Defendant Insurer. This decision is subject to further review either in the Office of Administrative Hearings or in a Circuit Court. Additional information about this law and the processes created is available on the MIA's web site at [www.insurance.maryland.gov/Pages/insurer-good-faith-requirements.aspx](http://www.insurance.maryland.gov/Pages/insurer-good-faith-requirements.aspx)