Circuit Court for Cecil County
Case No. C-07-CV-23-000443

UNREPORTED*

IN THE APPELLATE COURT

OF MARYLAND

No. 0603

September Term, 2024

ASHLEIGH MARTIN

v.

GEICO CASUALTY CO.

Berger,
Leahy,
Getty, Joseph M.
(Senior Judge, Specially Assigned),

JJ.

Opinion by Getty, J.

Filed: December 17, 2025

*This is an unreported opinion. This opinion may not be cited as precedent within the rule of stare decisis. It may be cited for its persuasive value only if the citation conforms to Rule 1-104(a)(2)(B).

Maryland Code, Insurance Article ("IN") § 19-509 provides a minimum requirement for Uninsured or Underinsured Motorist Coverage—that is to say, if an insured party suffers an injury as the result of a run-in with a driver who does not carry insurance, or carries insurance insufficient to cover the extent of the damage, the insured party's insurance must provide a minimum amount of coverage.

The insurance company is not constrained by the role of selfless rescuer, however; the insurance provider may upon payment of an uninsured motorist claim then seek payment from the uninsured tortfeasor via the doctrine of subrogation. This doctrine puts the insurance company "in the shoes" of the insured, allowing the company to pursue any cause of action against a third-party tortfeasor that the insured would have.

In this case, we review an order granting a motion to dismiss where the circuit court found that Appellant Ashleigh Martin ("Ms. Martin"), who suffered serious injuries in a car accident caused by an uninsured motorist in Delaware, was not entitled to recover from Appellee GEICO Casualty Co. ("GEICO"). Initially, Ms. Martin filed her case in Delaware, the only state with jurisdiction over the Delaware driver, but GEICO moved to dismiss the case based on the insurance contract's Maryland choice of law provision. Once Ms. Martin withdrew her case in Delaware and filed anew in the Circuit Court for Cecil County, GEICO then argued that her delay in filing failed to protect GEICO's right to subrogation against the uninsured Delaware motorist. Thus, in addition to her physical injuries, Ms. Martin faced a legal whiplash from GEICO when it argued that dismissal was appropriate first in Delaware and then in Maryland. That is the procedural posture of this case when the circuit court granted the motion to dismiss.

Ms. Martin presents the following questions for our review, which we have rephrased as follows:

1. Did the circuit court err when it found that Ms. Martin must file against the Delaware tortfeasor as a condition precedent to filing suit against GEICO?
2. Did the circuit court err when it found Ms. Martin's actions failed to protect GEICO's subrogation rights?
3. Did the circuit court err when it found the laches doctrine barred Ms. Martin's claim?[1]

We decline to answer the first question. We answer the second and third questions in the affirmative, and therefore reverse.

BACKGROUND

A. Insurance Subrogation Law

Subrogation is "[t]he substitution of one party for another whose debt the party pays, entitling the paying party to rights, remedies, or securities that would otherwise belong to the debtor." *Subrogation*, Black's Law Dictionary (12th ed. 2024). Maryland recognizes

[1] Ms. Martin phrased her questions as follows:

> (1) Did the trial court erroneously conclude that Appellant Martin must file suit against the Delaware tortfeasor as a condition precedent to the initiation of her contract action seeking uninsured motorist carrier?
>
> (2) Did the trial court improperly ignore Appellant Martin's express averments that GEICO had waived its "subrogation rights" upon notice of her claim?
>
> (3) Did the timing of Appellant Martin first-party contract action prejudice Appellee Geico?

three categories of subrogation: legal subrogation, conventional subrogation, and statutory subrogation. *Hill v. Cross Country Settlements, LLC*, 402 Md. 281, 311 (2007) (citing *Finance Co. of Am. v. U.S. Fidelity & Guarantee Co.*, 277 Md. 177, 182 (1976)).

Legal subrogation arises when a party "who is neither a volunteer nor an intermeddler" pays a debt or obligation owed by another "under such circumstances as in equity entitle him to reimbursement to prevent unjust enrichment." *Hill*, 402 Md. at 311 (internal citations omitted). Conventional subrogation arises from an express or implied agreement, as in the insurance context, while statutory subrogation of course arises from a statute. *Id.* at 312 n.19. In insurance, subrogation is "[t]he principle under which an insurer that has paid a loss under an insurance policy is entitled to all the rights and remedies belonging to the insured against a third party with respect to any loss covered by the policy." *Subrogation*, Black's Law Dictionary (12th ed. 2024).

Subrogation began as an equitable doctrine "intended to provide relief against loss and damage to a meritorious creditor who has paid the debt of another." *Chaney Enters. Ltd. P'ship v. Windsor*, 158 Md. App. 1, 34 (2004) (citing *Milholland v. Tiffany*, 64 Md. 455, 460 (1886)). "The policy underlying the subrogation doctrine is the desire to 'prevent the party primarily liable on the debt from being unjustly enriched when someone pays his debt.'" *Roberts v. Total Health Care, Inc.*, 109 Md. App. 635, 647 (1996), aff'd, 349 Md. 499 (1998) (quoting *Bachmann v. Glazer & Glazer, Inc.*, 316 Md. 405, 412 (1989)).

Subrogation is recognized and enforced in both law and equity, *see Fin. Co. of Am.*, 277 Md. at 182, but in the insurance context is often enshrined in a provision of the contract. Elaine M. Rinaldi, *Apportionment of Recovery Between Insured and Insurer in a*

Subrogation Case, 29 Tort & Ins. L.J. 803, 804 (1994). "[I]nsurance policies routinely include a provision entitling the insurer, on paying a loss, to be subrogated to the insured's right of action against any person whose act or omission caused the loss or who is legally responsible to the insured for the loss caused by the wrongdoer." *Id.*

Although the concept of subrogation shares a certain structural similarity to contribution or indemnification, where a party who may not be directly or wholly responsible for losses or damages is nonetheless legally obligated to provide compensation, the two principles operate on different and perhaps contradictory rules.[2] Most crucially, it is generally accepted that a claim for contribution or indemnity does not accrue—and consequently start the clock on the statute of limitations—until the payment of the underlying claim. When a subrogated insurer brings an action against a third party to recover for injuries or damages for which the insurer has paid the insured, the prevailing view, absent a statute to the contrary, is that the insurer's right to pursue subrogation runs on the same statute of limitations that governs the insured party's underlying claim. This is because subrogation places the insurer "in the shoes" of the insured party, which entitles the insurer to take any action the insured could take, but also restricts the insurer by the very same rule. If the insured can no longer pursue an action against the offending third party, neither can the insurer pursue subrogation.

B. Factual Background

[2] Jane Massey Draper, Annotation, *When does statute of limitations begin to run upon an action by subrogated insurer against third-party tortfeasor*, 91 A.L.R. 3d 844 (1979).

On June 25, 2021, appellant Ashleigh Martin suffered serious injuries in a car accident caused by Shawn Elwood, an uninsured motorist who was fleeing from police at the time of the accident. Ms. Martin and her vehicle were covered under appellee GEICO's Family Automobile Insurance Policy Number 4591-86-51-28, which includes uninsured motorist coverage up to $300,000 as required by Maryland statute. Ms. Martin notified GEICO of her injuries on August 3, 2021, at which time GEICO determined that neither Shawn Elwood nor the vehicle he operated at the time of the collision carried insurance. Ms. Martin's claim was assigned to a GEICO adjuster on August 16 and reassigned to a different GEICO adjuster on August 31. Ms. Martin appeared for a recorded statement on or about September 8, but she received neither payment for her claim nor a statement denying coverage.

Ms. Martin filed a claim for breach of contract against GEICO in Delaware on April 28, 2023. Although the insurance policy is a Maryland contract with a Maryland choice of law provision, Delaware was the only state where the court would have jurisdiction over Mr. Elwood. GEICO received service of process on June 15, 2023. The statute of limitations for a contract claim is three years in Delaware, while the statute of limitations for a tort claim is two years. Thus, Ms. Martin's right to bring a claim directly against Mr. Elwood lapsed on June 25, 2023. GEICO interprets this to mean that GEICO's right to pursue subrogation against Mr. Elwood, a Delaware citizen with no ties to Maryland, would have lapsed on the same date.

GEICO filed a motion to dismiss for "lack of special jurisdiction" on the ground that the contract was formed in Maryland and should be interpreted in a Maryland court.

In response, Ms. Martin voluntarily dismissed the Delaware case and initiated an action in Maryland on November 7, 2023. GEICO then argued that it was entitled to deny coverage because Ms. Martin failed to preserve GEICO's subrogation rights against Mr. Elwood. The parties argued the statute of limitations and right to subrogation issues in a motions hearing that did not address the merits of Ms. Martin's claim against GEICO.

The Circuit Court for Cecil County granted GEICO's motion to dismiss. The court found that (1) Ms. Martin's delay in filing against Mr. Elwood prejudiced GEICO's ability to pursue its subrogation rights, thus violating Ms. Martin's policy and permitting GEICO to deny coverage, and (2) the doctrine of laches barred the claim due to Ms. Martin's delay in filing. Ms. Martin filed a Motion for Reconsideration and GEICO responded by filing a corresponding opposition. In response, the circuit court reaffirmed the findings from its original order.

Ms. Martin now appeals.

DISCUSSION

A. Standard of Review

We review the circuit court's decision to grant a motion to dismiss de novo. *D.L. v. Sheppard Pratt Health Sys., Inc.*, 465 Md. 339, 350 (2019) (citing *Sutton v. FedFirst Fin. Corp.*, 226 Md. App. 46, 74 (2015)). The applicable standard is "whether the trial court was legally correct." *Id.* (quoting *Blackstone v. Sharma*, 461 Md. 87, 110 (2018)).

At the pleadings stage, the plaintiff's burden is to allege with sufficient specificity facts that state a cause of action for which relief may be granted. "A trial court may grant a motion to dismiss if, when assuming the truth of all well-pled facts and allegations in the

complaint and any inferences that may be drawn, and viewing those facts in the light most favorable to the non-moving party, 'the allegations do not state a cause of action for which relief may be granted.'" *Advance Telecom Process LLC v. DSFederal, Inc.*, 224 Md. App. 164, 173 (2015) (quoting *Latty v. St. Joseph's Soc'y of the Sacred Heart, Inc.*, 198 Md. App. 254, 262–63 (2011)).

I. THE CIRCUIT COURT MADE NO FINDING THAT APPELLANT MUST FILE AGAINST DELAWARE TORTFEASOR AS A CONDITION PRECEDENT TO FILING SUIT AGAINST GEICO AND THUS DID NOT ERR.

Ms. Martin contends that in finding that her "failure to timely file a claim [against Mr. Elwood] breached the condition of [GEICO's] policy" and "prejudiced the Defendant's ability to pursue a subrogation action" the circuit court improperly implied a requirement that Ms. Martin must file a claim against an uninsured motorist tortfeasor as a condition precedent to filing her breach of contract claim against GEICO. She argues that this would be a misapplication of IN § 19-509 which provides that in an uninsured motorist incident, an insured may bring an action against the uninsured motorist, her own insurance company, or both, at her discretion.

GEICO responds that Ms. Martin's assertion is not consistent with the circuit court's order, which focused on the preservation of GEICO's subrogation rights and the doctrine of laches.

We agree with Ms. Martin that if the circuit court had made such a finding, it would have done so in error. There can be no requirement under the Maryland statute that Ms. Martin must first file against Mr. Elwood before seeking compensation from GEICO.

However, as GEICO points out, this claim was not the subject of the circuit court's order. The circuit court found that (1) Ms. Martin failed to preserve GEICO's subrogation rights in violation of the contract, and (2) Ms. Martin's delay in filing prejudiced GEICO under the laches doctrine. The contractual requirement that Ms. Martin preserve GEICO's subrogation rights is a separate inquiry from the statutory allowance that Ms. Martin may pursue a claim against either party or both parties.

The circuit court made no finding to this effect and thus left no decision subject to our review.

II. THE CIRCUIT COURT ERRED WHEN IT FOUND APPELLANT FAILED TO PROTECT GEICO'S SUBROGATION RIGHTS.

Ms. Martin argues that the circuit court erred when it found she failed to protect GEICO's subrogation rights. Ms Martin submits that GEICO waived its rights when it failed to implead Shawn Elwood into the Delaware action, and instead moved to dismiss the Delaware action on the ground that it should be brought in Maryland.

GEICO submits that Ms. Martin failed to protect its subrogation rights because she unduly delayed filing a claim against GEICO until the statute of limitations on her claim against Mr. Elwood had, by GEICO's estimation, nearly run. As a result, GEICO did not receive service of process until ten days before the end of the two-year statute of limitations for torts in Delaware, which prevented GEICO from pursuing a subrogation action against Mr. Elwood as completely as if Ms. Martin had released her claim without GEICO's permission. At oral argument, counsel for GEICO asserted that "if [Ms. Martin] had served GEICO eleven days earlier, we wouldn't be here."

The parties express disagreement as to the applicable law if the case had been brought in Delaware, a distinction relevant to determine GEICO's available remedies and whether GEICO waived them when it sought the dismissal of the Delaware action. Delaware follows the standard framework for choice of law: courts apply the procedural law of the forum state and the substantive law of the state with the "most significant relationship" to the case. *See BeautyCon Media ABC Tr. Through Saccullo Bus. Consulting, LLC v. New Gen. Mkt. Partners*, LLC, No. N22C-12-143 MAA CCLD, 2023 WL 5164148, at *4 (Del. Super. Ct. Aug. 11, 2023).[3] Pursuant to the Restatement (Second) of Conflicts of Law, Delaware strongly favors honoring contractual choice of law provisions. *See Sycamore Partners Mgmt., L.P. v. Endurance Am. Ins. Co.*, No. CVN18C09211AMLCCLD, 2021 WL 761639, at *7 (Del. Super. Ct. Feb. 26, 2021) (quoting *Change Cap. Partners Fund I, LLC v. Volt Elec. Sys., LLC*, 2018 WL 1635006, at *8 (Del. Super. Ct. Apr. 3, 2018)) ("'Delaware courts will not easily invalidate' a choice of law provision[.]")

Delaware's statute of limitations for tort actions is two years, while the statute of limitations for contract actions is three. GEICO interprets this to mean that if GEICO had wanted to bring a subrogation action against Mr. Elwood in Delaware, that claim would

[3] Pursuant to Md. Rule 1-104(a), we do not rely on unreported opinions of Maryland courts as precedential or persuasive authority. Md. Rule 1-104(b) provides that an unreported or unpublished opinion from a jurisdiction other than Maryland "may be cited as persuasive authority if the jurisdiction in which the opinion was issued would permit it to be cited as persuasive authority or as precedent." In Delaware, unreported cases have precedential value and are citable without limitation. *See* Del. Sup. Ct. Rule 14(b)(vi)(B)(2); *MAS Assocs., LLC v. Korotki*, 465 Md. 457, 479 (2019).

have been governed by the same structure as that of Maryland subrogation law, where GEICO's right to subrogation would lapse at the same time that Ms. Martin's right to bring a tort claim against Mr. Elwood lapsed. Under GEICO's interpretation of the law, Ms. Martin had three years to file against GEICO while GEICO had only two years to file against Mr. Elwood in subrogation. In that scenario Ms. Martin would have been contractually deprived of a year's worth of her right to file against GEICO if she were to preserve GEICO's subrogation rights. Under Maryland law, there is no disparity between statutes of limitation—the limit for both tort and contract claims is three years—and so this would not be an issue. However, Mr. Elwood is a Delaware citizen with no ties to Maryland. Thus, although GEICO's right to subrogation arises from its Maryland contract with Ms. Martin, any claim GEICO brought against Mr. Elwood would be governed by Delaware law, not Maryland law.

All of this is far afield of Ms. Martin's original claim, however. Ms. Martin argued in her initial complaint that GEICO breached its contract by failing to provide uninsured motorist coverage when she was seriously injured by an uninsured motorist. Instead of responding to this argument, GEICO moved to dismiss the case in Delaware and then in Maryland created a meandering chain of hypothetical events that are largely unrelated to Ms. Martin's claim, focusing on how the case might have played out in Delaware rather than how it should proceed in Maryland, per GEICO's own request. In reality, Ms. Martin filed against GEICO in Delaware within the statute of limitations (both for the contract claim and for her tort claim against Mr. Elwood), and GEICO elected not to take action against Mr. Elwood in Delaware. It is likely that GEICO failed to take any action against

Mr. Elwood for the same reason Ms. Martin did not pursue her tort claim against him: Mr. Elwood was indigent and incarcerated, as both parties already knew.

Even assuming that GEICO had only ten days to bring a subrogation action against Mr. Elwood once it received service of process in Delaware, we are not persuaded that this ten-day period was the equivalent of a total surrender of all claims on the part of Ms. Martin such that GEICO was left with no recourse. GEICO was aware of Ms. Martin's claim two years prior, at which time it had already ascertained Mr. Elwood's status as an uninsured motorist. This information did not require extensive discovery. GEICO maintains that it was unable to provide an answer within those ten days, but GEICO's own delay does not amount to a forfeiture of rights or claims on the part of Ms. Martin. Indeed, it is likely that Ms. Martin filed in Delaware initially *because* Delaware was the only state that had jurisdiction over Mr. Elwood. In this respect, Ms. Martin went out of her way to *preserve* GEICO's subrogation rights.

It is also worth noting that the right to subrogation as an equitable remedy arises from the payment of another's debt for which the subrogated party then seeks reimbursement. Subrogation is "equitable assignment." The right comes into existence when the obligation to pay arises, but importantly, "does not become a cause of action until the debt is fully paid." Laurence P. Simpson, *Handbook on the Law of Suretyship* 205 (1950). Here, although GEICO became obligated to pay Ms. Martin when she filed her uninsured motorist claim, GEICO has yet to pay Ms. Martin anything, on behalf of anyone. The subrogation right for which GEICO argues is purely contractual, and profoundly hypothetical. Subrogation exists to prevent unjust enrichment where one party has paid

the debt of another—in this instance, GEICO on behalf of the uninsured motorist—but no such debt has been paid. GEICO did not even issue a denial for Ms. Martin's claim; it simply failed to take action.

This brings us to the crux of the issue with the circuit court's dismissal: Ms. Martin's burden at the pleadings stage was to allege sufficient and particular facts on the matter of her contract claim against GEICO. The circuit court's task was then to assume the truth of all well-pleaded facts and allegations in Ms. Martin's complaint, and to view those facts in the light most favorable to Ms. Martin, the non-moving party in GEICO's motion to dismiss. The circuit court's decision centers not on the sufficiency of Ms. Martin's complaint but rather a hypothetical scenario presented by GEICO that is largely unrelated to the substance of the complaint. The circuit court did not discuss whether Ms. Martin sufficiently alleged that GEICO failed to provide UM coverage in violation of the insurance contract; rather, it focused on the circumstances of the Delaware case that GEICO moved to dismiss and a Delaware subrogation claim that never existed. Thus, the circuit court erred in basing its dismissal on this hypothetical circumstance instead of whether Ms. Martin sufficiently established her pleadings.

Moreover, the circuit court erred in its conclusion that the timing of Ms. Martin's Delaware filing prejudiced GEICO's subrogation rights. Ms. Martin filed against GEICO in a timely manner. Instead of pursuing any action against Mr. Elwood, to include the option of impleading Mr. Elwood into the Delaware case, GEICO moved to dismiss on the ground that the case should be heard in Maryland. GEICO then argued in the Maryland case that it could not assert its subrogation rights against Mr. Elwood. In failing to take an

action against Mr. Elwood in the only court that had jurisdiction over him, and in taking action to move the case to a court that would not have jurisdiction over him, GEICO failed to preserve its own subrogation rights.

In sum, the issue of GEICO's subrogation rights in Delaware is only tangentially related to Ms. Martin's original claim; however, GEICO could have pursued subrogation against Mr. Elwood in Delaware if it so chose. Ms. Martin's claim against GEICO was timely by every available measure, and thus did not prejudice GEICO's subrogation rights. We therefore hold that the circuit court erred when it found Ms. Martin failed to preserve GEICO's subrogation rights.

III. THE CIRCUIT COURT ERRED WHEN IT FOUND THE LACHES DOCTRINE BARRED APPELLANT'S CLAIM.

Finally, Ms. Martin argues that the circuit court erred when it found that the laches doctrine barred her claim because her delay in filing did not prejudice GEICO.

GEICO responds that it was prejudiced by the loss of its subrogation right, and stresses that this result would be prejudicial even if it could not or did not intend to recover from the uninsured motorist.

The equitable doctrine of laches is the judicially-created counterpart to the statute of limitations. Under this doctrine, a court will decline to consider a claim "when there has been an unreasonable delay on the part of the plaintiff in asserting it, to the prejudice of the defendant." *Murphy v. Liberty Mut. Ins. Co.*, 478 Md. 333, 343 n.4 (2022) (citing *State Center, LLC v. Lexington Charles L.P.*, 438 Md. 451, 585–87 (2014)). When applying the doctrine of laches, we "look to the General Assembly for guidance" by consulting an

analogous statute or generally-accepted period of limitations. *Id.* (citing *State Center, LLC*, 438 Md. at 603–04). "[W]hen a case involves concurrent legal and equitable remedies," the legislatively-determined statute of limitations prevails in the analysis. *Id.* (citing *Frederick Road L.P. v. Brown & Sturm*, 360 Md. 76, 117 (2000)).

Here, the circuit court's finding that the doctrine of laches barred Ms. Martin's claim was predicated on the understanding that when GEICO received service of process in the Delaware action, GEICO had only ten days in which to pursue subrogation against Mr. Elwood, a circumstance which the circuit court found equivalent to Ms. Martin settling or releasing all claims against Mr. Elwood without GEICO's permission, thus violating her policy agreement with GEICO and freeing GEICO to deny coverage.

Ms. Martin filed her breach of contract claim against GEICO well within the three-year statute of limitations for contract claims. She likewise filed within Delaware's two-year statute of limitations for torts. Thus, the doctrine of laches is not appropriate in this instance.

Even if Delaware's two-year statute of limitations for torts were relevant to Ms. Martin's case against GEICO, we are not persuaded that the timing of Ms. Martin's filing would have prejudiced GEICO such that laches applied. The circuit court found that Ms. Martin's delay in filing was "unreasonable" even though it was well within the statute of limitations. The court also found that the ten days between when GEICO received service of process and when the Delaware statute of limitations for torts ran was so prejudicial to GEICO's subrogation rights that it was equivalent to a total release of all claims without GEICO's permission. GEICO offers little to explain why it could not have filed an answer

within its perceived ten-day time limit, why it could not have impleaded Mr. Elwood if it so desired, and why it could not have given notice to Ms. Martin if it required her to implead Mr. Elwood. At oral argument, GEICO indicated that "it's practically impossible for an insurance company to turn things around in ten days" due to bureaucratic constraints. According to GEICO, "[i]f [Ms. Martin] had served GEICO eleven days earlier we wouldn't be here." "Practically impossible" does not equate to true impossibility. Even under the limited circumstances GEICO interpreted for itself, Ms. Martin's actions did not deprive GEICO of an avenue for relief. Thus, the circuit court erred in finding that the laches doctrine barred Ms. Martin's claim.

CONCLUSION

We hold that the circuit court made no comment on Ms. Martin's right to file against either Mr. Elwood or GEICO, that the circuit court erred when it found Ms. Martin's delay in filing failed to preserve GEICO's subrogation rights, and that the circuit court erred when it found the laches doctrine barred Ms. Martin's claim against GEICO. Accordingly, we reverse and remand.

JUDGMENT OF THE CIRCUIT COURT FOR CECIL COUNTY REVERSED. REMANDED TO THE CIRCUIT COURT FOR CECIL COUNTY FOR FURTHER PROCEEDINGS CONSISTENT WITH THIS OPINION. COSTS TO BE PAID BY APPELLEE.