

# SENATE BILL 345

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CF HB 333

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By: **Senator Kagan**

Introduced and read first time: January 23, 2020

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Homeowner's Insurance – Weather-Related Claims and Notice of Cancellation**  
3 **or Nonrenewal**

4 FOR the purpose of repealing a certain exception that allowed an insurer to cancel or refuse  
5 to renew coverage for homeowner's insurance based on weather-related claims if  
6 there were three or more weather-related claims within a certain time period;  
7 requiring that a certain written notice of intention to cancel or not renew a  
8 homeowner's insurance policy include a form adopted by the Maryland Insurance  
9 Commissioner that allows the insured to protest the proposed action and request a  
10 certain hearing within a certain time period; and generally relating to homeowner's  
11 insurance.

12 BY repealing and reenacting, with amendments,  
13 Article – Insurance  
14 Section 27-501(i)  
15 Annotated Code of Maryland  
16 (2017 Replacement Volume and 2019 Supplement)

17 BY repealing and reenacting, without amendments,  
18 Article – Insurance  
19 Section 27-501(j)(2) and 27-602(a), (b), and (c)(1)  
20 Annotated Code of Maryland  
21 (2017 Replacement Volume and 2019 Supplement)

22 BY adding to  
23 Article – Insurance  
24 Section 27-602(c)(6)  
25 Annotated Code of Maryland  
26 (2017 Replacement Volume and 2019 Supplement)

27 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 That the Laws of Maryland read as follows:

2 **Article – Insurance**

3 27–501.

4 (i) (1) Except as provided in paragraph (2) of this subsection, with respect to  
5 homeowner’s insurance, an insurer may not cancel or refuse to renew coverage for  
6 homeowner’s insurance based on the claims history of an insured for weather–related  
7 claims[, unless there were three or more weather–related claims within the preceding  
8 3–year period].

9 (2) An insurer may consider claims for weather–related events for the  
10 purpose of canceling or refusing to renew coverage if the insurer provided written notice to  
11 the insured for reasonable or customary repairs or replacement specific to the insured’s  
12 premises or dwelling which the insured failed to make and which, if made, would have  
13 prevented the loss for which a claim was made.

14 (j) (2) An insurer is not required to produce statistical validation that  
15 excludes weather–related claims or that makes any distinction between weather–related  
16 claims and nonweather–related claims in order to sustain the insurer’s burden of  
17 persuasion under subsection (g) of this section with respect to a cancellation or refusal to  
18 renew for a reason that is not listed in this subsection.

19 27–602.

20 (a) (1) This section applies only to policies of:

21 (i) personal insurance; and

22 (ii) homeowner’s insurance under which a onetime guaranteed fully  
23 refundable deposit is required for a stated amount of coverage.

24 (2) This section does not apply to policies in effect for 45 days or less, as  
25 provided in § 12–106 of this article.

26 (b) (1) Whenever an insurer, as required by subsection (c) of this section, gives  
27 notice of its intention to cancel or not to renew a policy subject to this section issued in the  
28 State or before an insurer cancels a policy subject to this section issued in the State for a  
29 reason other than nonpayment of premium, the insurer shall notify the insured of the  
30 possible right of the insured to replace the insurance under the Maryland Property  
31 Insurance Availability Act or through another plan for which the insured may be eligible.

32 (2) The notice required by paragraph (1) of this subsection must:

33 (i) be in writing;

1 (ii) contain the current address and telephone number of the offices  
2 of the appropriate plan; and

3 (iii) be sent to the named insured at the named insured's last known  
4 address in the same manner and at the same time as the first written notice of cancellation  
5 or of intention not to renew given or required by law, regulation, or contract.

6 (c) (1) Subject to paragraph (5) of this subsection, at least 45 days before the  
7 date of the proposed cancellation or expiration of the policy, the insurer shall send to the  
8 named insured at the named insured's last known address, by a first-class mail tracking  
9 method, a written notice of intention to cancel for a reason other than nonpayment of  
10 premium or notice of intention not to renew a policy issued in the State.

11 **(6) WITH RESPECT TO HOMEOWNER'S INSURANCE, THE NOTICE**  
12 **REQUIRED UNDER THIS SUBSECTION SHALL INCLUDE A FORM ADOPTED BY THE**  
13 **COMMISSIONER THAT ALLOWS THE INSURED TO PROTEST THE PROPOSED ACTION**  
14 **OF THE INSURER AND REQUEST A HEARING BEFORE THE COMMISSIONER ON THE**  
15 **PROPOSED ACTION WITHIN 30 DAYS AFTER THE MAILING DATE OF THE NOTICE.**

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
17 October 1, 2020.