

SENATE BILL 52

C4

(PRE-FILED)

6lr0031
CF HB 283

By: **Chair, Finance Committee (By Request – Departmental – Maryland Insurance Administration)**

Requested: September 25, 2025

Introduced and read first time: January 14, 2026

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Property Insurance – Settlement of Claims and Notices**

3 FOR the purpose of establishing the method for calculating the measure of the actual cash
4 value recovery in the settlement of a first-party claim under a residential or
5 commercial property insurance policy; requiring an insurer that renews a policy of
6 homeowner's insurance or renter's insurance to notify the insured, in advance of the
7 renewal, of certain differences between the expiring policy and the renewal policy;
8 and generally relating to property insurance.

9 BY adding to
10 Article – Insurance
11 Section 19–118, 19–217, 27–303(11), and 27–304(19)
12 Annotated Code of Maryland
13 (2017 Replacement Volume and 2025 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article – Insurance
16 Section 27–303(9) and (10) and 27–304(17) and (18)
17 Annotated Code of Maryland
18 (2017 Replacement Volume and 2025 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
20 that the Laws of Maryland read as follows:

21 **Article – Insurance**

22 **19–118.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(A) THIS SECTION APPLIES ONLY TO A CLAIM MADE UNDER A RESIDENTIAL OR COMMERCIAL PROPERTY INSURANCE POLICY THAT:

(1) PROVIDES FOR THE ADJUSTMENT AND SETTLEMENT OF A FIRST-PARTY CLAIM THAT REQUIRES THE REPAIRING, REBUILDING, OR REPLACING OF DAMAGED OR DESTROYED PROPERTY BASED ON THE ACTUAL CASH VALUE OF THE PROPERTY; AND

(2) IS ISSUED OR RENEWED ON OR AFTER OCTOBER 1, 2026.

(B) THE MEASURE OF THE ACTUAL CASH VALUE RECOVERY IN SETTLEMENT OF A CLAIM SHALL BE THE LESSER OF:

(1) THE AMOUNT IT WOULD COST THE INSURED TO REPAIR, REBUILD, OR REPLACE THE DAMAGED OR DESTROYED PROPERTY LESS A REASONABLE DEDUCTION FOR PHYSICAL DEPRECIATION BASED ON THE CONDITION OF THE PROPERTY AT THE TIME OF THE COVERED LOSS; OR

(2) THE POLICY LIMIT.

(C) (1) THE EXPENSE OF LABOR NECESSARY TO REPAIR, REBUILD, OR REPLACE THE DAMAGED OR DESTROYED PROPERTY:

(I) IS NOT A COMPONENT OF PHYSICAL DEPRECIATION; AND

(II) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, MAY NOT BE TREATED BY THE INSURER AS HAVING DEPRECIATED IN VALUE.

(2) FOR PURPOSES OF APPLYING THE PROHIBITION ESTABLISHED UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION, THE EXPENSE OF LABOR NECESSARY TO REPAIR, REBUILD, OR REPLACE THE DAMAGED OR DESTROYED PROPERTY SHALL INCLUDE:

(I) THE LABOR RATE;

(II) ANY OVERHEAD OR PROFIT FEE CHARGED BY THE PROVIDER OF THE LABOR SERVICES;

(III) ANY SALES TAX ON THE LABOR SERVICES; AND

(IV) ANY OTHER FEE OR TAX THAT MUST BE PAID TO OBTAIN THE LABOR SERVICES.

(3) THE PROHIBITION ESTABLISHED UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION DOES NOT APPLY TO THE LABOR COSTS THAT ARE INTRINSICALLY INCLUDED IN THE COST OF MANUFACTURED MATERIALS OR GOODS.

19–217.

(A) THIS SECTION APPLIES ONLY TO AN INSURER THAT ISSUES OR DELIVERS A HOMEOWNER’S INSURANCE OR RENTER’S INSURANCE POLICY IN THE STATE.

(B) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, AT LEAST 45 DAYS BEFORE EACH RENEWAL OF A POLICY OF HOMEOWNER’S INSURANCE OR RENTER’S INSURANCE, THE INSURER SHALL PROVIDE TO THE INSURED A WRITTEN NOTICE THAT IDENTIFIES:

(1) ANY DIFFERENCE BETWEEN COVERAGE LIMITS UNDER THE EXPIRING POLICY AND COVERAGE LIMITS UNDER THE RENEWAL POLICY;

(2) ANY RISK THAT IS COVERED UNDER THE EXPIRING POLICY, BUT IS NOT COVERED UNDER THE RENEWAL POLICY;

(3) THE EXTENT TO WHICH COVERAGE OF ANY RISK IS REDUCED OR LIMITED UNDER THE RENEWAL POLICY, AS COMPARED TO THE EXPIRING POLICY; AND

(4) ANY DIFFERENCE BETWEEN DEDUCTIBLES SPECIFIED UNDER THE EXPIRING POLICY AND DEDUCTIBLES SPECIFIED UNDER THE RENEWAL POLICY.

(C) THE NOTICE REQUIRED UNDER SUBSECTION (B) OF THIS SECTION:

(1) SHALL BE WRITTEN IN CLEAR AND SPECIFIC LANGUAGE;

(2) MAY NOT BE PROVIDED IN THE ANNUAL STATEMENT REQUIRED UNDER § 19–205 OF THIS SUBTITLE; AND

(3) MAY BE DELIVERED BY ELECTRONIC MEANS IF THE INSURER COMPLIES WITH THE REQUIREMENTS OF § 27–601.2 OF THIS ARTICLE.

(D) AN INSURER IS NOT REQUIRED TO PROVIDE NOTICE UNDER SUBSECTION (B) OF THIS SECTION IF ALL COVERAGES AND DEDUCTIBLES UNDER THE EXPIRING POLICY AND THE RENEWAL POLICY ARE IDENTICAL.

27–303.

1 It is an unfair claim settlement practice and a violation of this subtitle for an insurer,
2 nonprofit health service plan, or health maintenance organization to:

3 (9) fail to act in good faith, as defined under § 27–1001 of this title, in
4 settling a first–party claim under a policy of property and casualty insurance; [or]

5 (10) fail to comply with the provisions of § 16–118 of this article; **OR**

6 **(11) FAIL TO COMPLY WITH THE PROVISIONS OF § 19–118 OF THIS**
7 **ARTICLE.**

8 27–304.

9 It is an unfair claim settlement practice and a violation of this subtitle for an insurer,
10 nonprofit health service plan, or health maintenance organization, when committed with
11 the frequency to indicate a general business practice, to:

12 (17) fail to comply with the provisions of Title 15, Subtitle 10A of this article;
13 [or]

14 (18) fail to act in good faith, as defined under § 27–1001 of this title, in
15 settling a first–party claim under a policy of property and casualty insurance; **OR**

16 **(19) FAIL TO COMPLY WITH THE PROVISIONS OF § 19–118 OF THIS**
17 **ARTICLE.**

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act applies to all policies
19 and contracts issued, delivered, or renewed in the State on or after October 1, 2026.

20 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2026.