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Date: **March 27, 2025**

Bill # / Title: **House Bill 1148 - Homeowner's and Renter's Insurance - Lapses in Coverage - Prohibition on Denial**

Committee: **Senate Finance Committee**

Position: **Letter of Information**

The Maryland Insurance Administration (MIA) appreciates the opportunity to provide information regarding House Bill 1148, as amended.

The bill would prohibit an insurer from denying homeowners or renters insurance coverage to an applicant based on a prior lapse in the applicant's coverage that was: (1) due to the choice of the applicant; and (2) not due to losses incurred by or the claims history of the applicant. The bill would also permit an insurer to require that an applicant invoking protection afforded by the bill submit an affidavit stating that the applicant did not incur a loss during the prior lapse in coverage.

The MIA notes that the provisions of the bill do not apply to a number of different situations. The provisions of the bill do not apply to an applicant whose prior coverage lapsed for a reason that was outside of their control or not due to their choice. The bill does not prohibit an insurer from denying coverage because the applicant chose to allow their prior coverage to lapse for a reason other than losses or claims history, if there are other legitimate reasons to deny coverage. The bill does not prohibit an insurer from considering the fact that the applicant chose to allow their prior coverage to lapse for a reason other than losses or claims history when: (i) determining which premium rate to offer to the applicant; or (ii) classifying the applicant into a tier or risk category.

The MIA also notes that there is ambiguous language in the bill that would result in enforcement challenges for the MIA. The following bill language could be open to different interpretations: "due to the choice of the applicant, and not due to losses incurred by or the claims history of the applicant." It is not clear whether the bill would apply if an applicant chose to allow their prior coverage to lapse because they did not want to pay a rate increase attributable (in whole or part) to a loss or claim.

Thank you for the opportunity to provide this letter of information. The MIA is available to provide additional information and assistance to the committee.