Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1463 (Delegate Love, *et al.*)
Economic Matters

Homeowner's Insurance - Covered Property Loss - Repair or Replacement Costs

This bill requires that a homeowner's insurance policy that provides that the insurer will pay for repair or replacement costs may not be issued unless the policy also provides that the insurer will pay other costs associated with the loss that will cause the fair market value of the structure to be no less than the fair market value before the loss. The Insurance Commissioner must adopt regulations to implement these provisions.

Fiscal Summary

State Effect: Potential indeterminate increase in general fund revenues. No effect on expenditures.

Local Effect: None.

Small Business Effect: None. The bill would not directly affect small businesses.

Fiscal Analysis

State Revenues: To the extent that the bill increases costs for homeowner's insurance companies, homeowner's insurance premiums could increase. Any increase in premiums would result in an increase in revenues from the 2% premium tax. Any such increase cannot be reliably predicted at this time.

General fund revenues could increase by an indeterminate amount in fiscal 1998 only since homeowner's insurance companies could be subject to $100 rate and form filing fees collected by the Maryland Insurance Administration. The number of insurers who would file new rates and forms as a result of the bill's requirements cannot be reliably estimated at this time, since filings often combine several rate and policy amendments at one time. It is noted

that there are approximately 100 homeowner's insurance companies that file independently.