

HOUSE BILL 966

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HB 1236/02 - ECM

2003 Regular Session
3r2301
CF 3r2300

By: **Delegate McHale**

Introduced and read first time: February 14, 2003

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Homeowner's Insurance - Cancellation**

3 FOR the purpose of authorizing an insurer to cancel a certain policy of homeowner's
4 insurance under certain circumstances; and generally relating to the
5 cancellation of a policy of homeowner's insurance.

6 BY repealing and reenacting, with amendments,
7 Article - Insurance
8 Section 27-501(d)
9 Annotated Code of Maryland
10 (2002 Replacement Volume and 2002 Supplement)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
12 MARYLAND, That the Laws of Maryland read as follows:

13 **Article - Insurance**

14 27-501.

15 (d) (1) With respect to automobile liability insurance, an insurer may not:

16 (i) cancel, refuse to renew, or otherwise terminate coverage for an
17 automobile insurance risk because of a claim, traffic violation, or traffic accident that
18 occurred more than 3 years before the effective date of the policy or renewal; or

19 (ii) refuse to underwrite an automobile insurance risk because of a
20 claim, traffic violation, or traffic accident that occurred more than 3 years before the
21 date of application.

22 (2) With respect to homeowner's insurance, an insurer may not:

23 (i) cancel, refuse to renew, or otherwise terminate coverage for a
24 homeowner's insurance risk because of a claim that occurred more than 3 years before
25 the effective date of the policy or renewal; or

1 (ii) refuse to underwrite a homeowner's insurance risk because of a
2 claim that occurred more than 3 years before the date of application.

3 (3) AN INSURER MAY CANCEL A POLICY OF HOMEOWNER'S INSURANCE
4 UNDER WHICH A ONE-TIME GUARANTEED FULLY REFUNDABLE DEPOSIT IS
5 REQUIRED FOR A STATED AMOUNT OF COVERAGE, IF THE CANCELLATION:

6 (I) TAKES EFFECT ON THE ANNIVERSARY DATE OF THE
7 INCEPTION OF THE POLICY;

8 (II) IS NOT BASED ON A CLAIM THAT OCCURRED MORE THAN 5
9 YEARS BEFORE THE ANNIVERSARY DATE OF THE POLICY ON WHICH THE PROPOSED
10 CANCELLATION WOULD TAKE EFFECT; AND

11 (III) IS OTHERWISE IN ACCORDANCE WITH THIS SUBTITLE.

12 (4) [Paragraphs (1) and (2) of this subsection do] THIS SUBSECTION
13 DOES not apply to a claim involving conviction of the insured or applicant for fraud or
14 arson.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 October 1, 2003.