

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 816
Economic Matters

(Delegate F. Turner, *et al.*)

Homeowner's Insurance - Mold

This bill requires an insurer that issues or delivers a homeowner's insurance policy to offer to provide coverage for loss that: (1) is caused by or results from mold; and (2) is not caused by the negligence of the insured.

Fiscal Summary

State Effect: Special fund revenue for the Maryland Insurance Administration (MIA) would increase in FY 2005 from rates and forms filed under the bill. The number of filings cannot be accurately estimated. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Coverage for mold-related damage under a homeowner's insurance policy is not specifically regulated by statute.

Background: According to information compiled by the National Conference of State Legislatures, 34 states had, either through legislation or regulation, allowed insurers to restrict or exclude mold coverage as of May 2003. In June 2003, MIA reversed an earlier ruling and authorized exclusion of mold-related damage from homeowner's insurance.

State Revenues: MIA advises that of the 840 insurers licensed to sell homeowner's insurance in the State, 143 report written premium. Each insurer that sells homeowner's insurance may have several insurance products for which a rate and/or form would be filed under the bill. Each rate and each form filed would be subject to the \$125 rate and form filing fee. For illustrative purposes, if each of the 143 current sellers of homeowner's insurance filed one rate and one form, revenues for the Insurance Regulation Fund would increase by \$35,750 in fiscal 2005. MIA estimates that it could receive several hundred filings under the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - February 13, 2004
ncs/ljm

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