

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1442
Economic Matters

(Delegate Rudolph)

Finance

Task Force on the Availability and Affordability of Property Insurance in
Coastal Areas

This bill establishes the Task Force on the Availability and Affordability of Property Insurance in Coastal Areas to examine the continued availability and affordability of property insurance in coastal areas of the State. The bill specifies its membership and delineates the issues that must be addressed by the task force's study. Staffing responsibilities are directed to the Maryland Insurance Administration (MIA). A report of its findings and recommendations is due to the Governor, the Senate Finance Committee, and the House Economic Matters Committee by December 31, 2007.

The bill is effective June 1, 2007 and terminates after May 31, 2008.

Fiscal Summary

State Effect: Any expense reimbursements for task force members are assumed to be minimal and absorbable within existing budgeted resources. Staffing requirements for MIA would be handled with existing resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Whether an insurer offers homeowner's insurance in any geographic area is not specifically regulated.

Generally, an insurer or insurance producer may not cancel or refuse to underwrite or renew a particular insurance risk or class of risk for a reason that is arbitrary, capricious, or unfairly discriminatory. An insurer may not cancel or refuse to underwrite or renew a particular insurance risk or class of risk except by applying standards that are reasonably related to the insurer's economic and business purposes.

Background: Allstate recently announced that it would stop issuing new policies along coastal areas in Maryland. Allstate currently has over 300,000 homeowner's insurance policyholders in Maryland, which represents a 13.7% market share in the State. More recently, Allstate announced that it would put its action on hold until it answered questions from State agencies, including questions about its finances and hurricane forecasting models. Other insurers have recently announced that they would follow Allstate's lead.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 23, 2007
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