

# HOUSE BILL 859

C4

8lr0046

---

By: **Chair, Economic Matters Committee (By Request – Departmental – Insurance Administration, Maryland)**

Introduced and read first time: February 6, 2008

Assigned to: Economic Matters

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Property and Casualty Insurance Policies – Coverage for Additional Living**  
3 **Expenses**

4 FOR the purpose of prohibiting certain language limiting coverage for additional living  
5 expenses incurred by an insured as a result of a covered loss in a policy of  
6 homeowner's, fire, farmowner's, or dwelling insurance; specifying that certain  
7 language in a policy of homeowner's, fire, farmowner's, or dwelling insurance is  
8 void; specifying that certain actions by an insurer are not prohibited under this  
9 Act; and generally relating to policies of homeowner's, fire, farmowner's, and  
10 dwelling insurance.

11 BY adding to  
12 Article – Insurance  
13 Section 19–208  
14 Annotated Code of Maryland  
15 (2006 Replacement Volume and 2007 Supplement)

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

18 **Article – Insurance**

19 **19–208.**

20 (A) **A POLICY OF HOMEOWNER'S, FIRE, FARMOWNER'S, OR DWELLING**  
21 **INSURANCE THAT PROVIDES COVERAGE FOR ADDITIONAL LIVING EXPENSES**  
22 **INCURRED BY AN INSURED AS A RESULT OF A COVERED LOSS MAY NOT BE**  
23 **ISSUED, SOLD, OR DELIVERED IN THE STATE IF THE POLICY CONTAINS**  
24 **LANGUAGE THAT LIMITS COVERAGE FOR ADDITIONAL LIVING EXPENSES:**

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           **(1) TO A PERIOD OF TIME THAT IS STATED IN TERMS OF DAYS,**  
2 **MONTHS, OR YEARS; OR**

3           **(2) THAT OTHERWISE INCLUDES A TEMPORAL LIMITATION BASED**  
4 **ON A FACTOR OTHER THAN THE HABITABILITY OF THE COVERED PROPERTY.**

5           **(B) A CLAUSE IN A POLICY OF HOMEOWNER’S, FIRE, FARMOWNER’S, OR**  
6 **DWELLING INSURANCE THAT PURPORTS TO LIMIT COVERAGE FOR ADDITIONAL**  
7 **LIVING EXPENSES INCURRED BY AN INSURED AS A RESULT OF A COVERED LOSS**  
8 **TO A PERIOD OF TIME THAT IS STATED IN TERMS OF DAYS, MONTHS, OR YEARS**  
9 **OR THAT OTHERWISE INCLUDES A TEMPORAL LIMITATION BASED ON A FACTOR**  
10 **OTHER THAN THE HABITABILITY OF THE COVERED PROPERTY IS VOID AND**  
11 **UNENFORCEABLE.**

12           **(C) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO:**

13           **(1) PROHIBIT OR PREVENT THE ENFORCEMENT OF A MONETARY**  
14 **LIMIT OF LIABILITY FOR ADDITIONAL LIVING EXPENSES UNDER A POLICY OF**  
15 **HOMEOWNER’S, FIRE, FARMOWNER’S, OR DWELLING INSURANCE;**

16           **(2) PROHIBIT AN INSURER FROM DENYING COVERAGE FOR**  
17 **ADDITIONAL LIVING EXPENSES IF THE CARRIER DETERMINES THAT AT THE**  
18 **TIME THE ADDITIONAL LIVING EXPENSES WERE INCURRED THE COVERED**  
19 **PROPERTY WAS NOT UNFIT TO LIVE IN; OR**

20           **(3) PROHIBIT AN INSURER FROM DENYING COVERAGE FOR**  
21 **ADDITIONAL LIVING EXPENSES ON THE GROUNDS THAT THE COVERED**  
22 **PROPERTY WAS UNFIT TO LIVE IN AT THE TIME THAT THE ADDITIONAL LIVING**  
23 **EXPENSES WERE INCURRED BECAUSE OF DELAYS IN REPAIR OR REPLACEMENT**  
24 **CAUSED BY THE INSURED.**

25           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
26 October 1, 2008.