

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

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 14, 2008

CHAPTER _____

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; authorizing the Maryland Insurance Commissioner to require an insurer to
10 provide coverage for additional living expenses under a certain policy for up to a
11 certain time under certain circumstances; and generally relating to policies of
12 homeowner's, fire, farmowner's, and dwelling insurance.

13 BY adding to

14 Article - Insurance

15 Section 19-208

16 Annotated Code of Maryland

17 (2006 Replacement Volume and 2007 Supplement)

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

20 **Article - Insurance**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 **19-208.**

2 (A) A POLICY OF HOMEOWNER'S, FIRE, FARMOWNER'S, OR DWELLING
3 INSURANCE THAT PROVIDES COVERAGE FOR ADDITIONAL LIVING EXPENSES
4 INCURRED BY AN INSURED AS A RESULT OF A COVERED LOSS MAY NOT BE
5 ISSUED, SOLD, OR DELIVERED IN THE STATE IF THE POLICY CONTAINS
6 LANGUAGE THAT LIMITS COVERAGE FOR ADDITIONAL LIVING EXPENSES:

7 ~~(1) TO A PERIOD OF TIME THAT IS STATED IN TERMS OF DAYS,~~
8 ~~MONTHS, OR YEARS; OR~~

9 ~~(2) THAT OTHERWISE INCLUDES A TEMPORAL LIMITATION BASED~~
10 ~~ON A FACTOR OTHER THAN THE HABITABILITY OF THE COVERED PROPERTY~~
11 ~~LESS THAN 12 MONTHS.~~

12 (B) A CLAUSE IN A POLICY OF HOMEOWNER'S, FIRE, FARMOWNER'S, OR
13 DWELLING INSURANCE THAT PURPORTS TO LIMIT COVERAGE FOR ADDITIONAL
14 LIVING EXPENSES INCURRED BY AN INSURED AS A RESULT OF A COVERED LOSS
15 TO A PERIOD OF TIME THAT IS ~~STATED IN TERMS OF DAYS, MONTHS, OR YEARS~~
16 ~~OR THAT OTHERWISE INCLUDES A TEMPORAL LIMITATION BASED ON A FACTOR~~
17 ~~OTHER THAN THE HABITABILITY OF THE COVERED PROPERTY~~ LESS THAN 12
18 MONTHS IS VOID AND UNENFORCEABLE.

19 (C) NOTWITHSTANDING SUBSECTION (A) OF THIS SECTION, THE
20 COMMISSIONER MAY REQUIRE AN INSURER TO PROVIDE COVERAGE FOR
21 ADDITIONAL LIVING EXPENSES UNDER A POLICY OF HOMEOWNER'S, FIRE,
22 FARMOWNER'S, OR DWELLING INSURANCE FOR UP TO 24 MONTHS IF THE
23 COMMISSIONER FINDS THAT COVERED PROPERTY REMAINS UNINHABITABLE
24 DUE TO DELAYS IN REPAIR OR REPLACEMENT CAUSED:

25 (1) BY THE INSURER; OR

26 (2) BY FACTORS BEYOND THE CONTROL OF THE INSURED.

27 ~~(C)~~ (D) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO:

28 (1) PROHIBIT OR PREVENT THE ENFORCEMENT OF A MONETARY
29 LIMIT OF LIABILITY FOR ADDITIONAL LIVING EXPENSES UNDER A POLICY OF
30 HOMEOWNER'S, FIRE, FARMOWNER'S, OR DWELLING INSURANCE;

31 (2) PROHIBIT AN INSURER FROM DENYING COVERAGE FOR
32 ADDITIONAL LIVING EXPENSES IF THE CARRIER DETERMINES THAT AT THE
33 TIME THE ADDITIONAL LIVING EXPENSES WERE INCURRED THE COVERED
34 PROPERTY WAS NOT UNFIT TO LIVE IN; OR

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

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

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.