

CHAPTER 95

(House Bill 859)

AN ACT concerning

Property and Casualty Insurance Policies – Coverage for Additional Living Expenses

FOR the purpose of prohibiting certain language limiting coverage for additional living expenses incurred by an insured as a result of a covered loss in a policy of homeowner's, fire, farmowner's, or dwelling insurance; specifying that certain language in a policy of homeowner's, fire, farmowner's, or dwelling insurance is void; specifying that certain actions by an insurer are not prohibited under this Act; authorizing the Maryland Insurance Commissioner to require an insurer to provide coverage for additional living expenses under a certain policy for up to a certain time under certain circumstances; and generally relating to policies of homeowner's, fire, farmowner's, and dwelling insurance.

BY adding to

Article – Insurance

Section 19–208

Annotated Code of Maryland

(2006 Replacement Volume and 2007 Supplement)

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

Article – Insurance

19–208.

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

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

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

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

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

(1) BY THE INSURER; OR

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

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

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

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

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

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

Approved by the Governor, April 8, 2008.