

**Department of Legislative Services**  
Maryland General Assembly  
2010 Session

**FISCAL AND POLICY NOTE**

Senate Bill 1044

(Senator Stone)

Finance

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**Homeowner's Insurance - Coverage for Other Structures**

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This bill prohibits an insurer that issues a homeowner's insurance policy from requiring the policy to include coverage for other structures, including sheds or outbuildings, if the policyholder's property does not contain such a structure.

The bill applies prospectively to all homeowner's insurance policies issued, delivered, or renewed in the State on or after the bill's October 1, 2010 effective date.

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**Fiscal Summary**

**State Effect:** Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee. MIA can handle the review of revised policies with existing resources.

**Local Effect:** The bill does not affect local finances or operations.

**Small Business Effect:** Potential minimal.

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**Analysis**

**Current Law:** State law does not limit specific types of coverage offered in a homeowner's insurance policy.

**Background:** A standard homeowner's insurance policy insures against loss or damage to the residential dwelling (coverage A) and any attached structures. The property coverage portion of the policy typically covers losses resulting from damage to other structures (coverage B), such as a detached garage or storage shed, with liability usually

limited to a percentage of the primary coverage amount of the dwelling. The homeowner's insurance policy may also insure against loss or damage to specified personal property (coverage C) such as clothing, furniture, and appliances and provide for additional living expenses (coverage D).

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 18, 2010  
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