

HOUSE BILL 1157

C4

11r1247

By: **Delegates Rudolph and Conway**

Introduced and read first time: February 14, 2011

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Homeowner's Insurance – Cancellation or Nonrenewal – Water Proximity**
3 **and Storms**

4 FOR the purpose of prohibiting an insurer from canceling or failing to renew certain
5 homeowner's insurance on the basis of a certain proximity to water or of certain
6 storm risks; prohibiting an insurer from issuing a notice of nonrenewal of
7 homeowner's insurance solely on certain bases under certain circumstances;
8 requiring every cancellation or nonrenewal to be substantiated in a certain
9 manner subject to certain review by the Maryland Insurance Commissioner;
10 providing for the retroactive application of this Act; and generally relating to
11 homeowner's insurance and cancellation and nonrenewal.

12 BY repealing and reenacting, with amendments,
13 Article – Insurance
14 Section 19–107
15 Annotated Code of Maryland
16 (2006 Replacement Volume and 2010 Supplement)

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

19 **Article – Insurance**

20 19–107.

21 (a) An insurer may not refuse to issue or renew a contract of motor vehicle
22 insurance, property insurance, or casualty insurance solely because the subject of the
23 risk or the applicant's or insured's address is located in a certain geographic area of
24 the State unless:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (1) at least 60 days before the refusal, the insurer has filed with the
2 Commissioner a written statement designating the geographic area; and

3 (2) the designation has an objective basis and is not arbitrary or
4 unreasonable.

5 (b) A statement filed with the Commissioner under this section is a public
6 record.

7 **(c) (1) NOTWITHSTANDING SUBSECTION (A) OF THIS SECTION AND §§**
8 **19–211 AND 19–212 OF THIS TITLE, AN INSURER MAY NOT CANCEL OR FAIL TO**
9 **RENEW A HOMEOWNER’S INSURANCE POLICY IN THE STATE, OR ISSUE A NOTICE**
10 **OF NONRENEWAL OF A HOMEOWNER’S POLICY, SOLELY ON THE BASIS OF**
11 **PROXIMITY TO WATER OR ON THE BASIS OF RISK OF CLAIMS RELATED TO**
12 **WINDSTORMS.**

13 **(2) EVERY FAILURE TO RENEW A HOMEOWNER’S POLICY SHALL**
14 **BE SUBSTANTIATED BY UNDERWRITING RULES THAT THE COMMISSIONER MAY**
15 **REQUEST AT ANY TIME WITH RESPECT TO THE FAILURE TO RENEW A**
16 **HOMEOWNER’S POLICY.**

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
18 construed to apply retroactively and shall be applied to and interpreted to affect any
19 nonrenewal of a homeowner’s policy on or after September 1, 2010, on the basis of
20 proximity to water or claims related to windstorms. An individual whose homeowner’s
21 policy was canceled or nonrenewed on either of those bases, and who has not
22 subsequently obtained coverage in the voluntary market, may reapply to the insurer
23 that canceled or refused to renew coverage, and the insurer may not refuse to issue
24 renewal coverage, including the same coverage that the homeowner’s policy had before
25 the cancellation or nonrenewal.

26 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 June 1, 2011.