

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

Senate Bill 991

(Senator Stone)

Finance

Homeowner's Insurance - Coverage for Other Structures

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, 2011 effective date.

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 and approval of revised forms with existing resources.

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

Small Business Effect: Potential minimal.

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).

Additional Information

Prior Introductions: SB 1044 in 2010 received a hearing from the Senate Finance Committee but received no further action.

Cross File: None.

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

Fiscal Note History: First Reader - March 24, 2011
mlm/ljm

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