

Department of Legislative Services  
Maryland General Assembly  
2011 Session

FISCAL AND POLICY NOTE  
Revised

Senate Bill 317

(Senator Pinsky, *et al.*)

Finance

Economic Matters

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**Homeowner's Insurance - Victims of Crimes of Violence - Discrimination  
Prohibited**

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This bill prohibits an insurer of a homeowner's policy from discriminating against an individual based on status as a victim of a crime of violence. Additionally, if a policy of homeowner's insurance excludes property coverage for intentional acts, an insurer may not deny payment for a loss to a victim who (1) is an innocent coinsured; (2) did not commit, cause to be committed, or direct the crime of violence leading to the loss; and (3) cooperates in any criminal investigation, including the filing of an official police report, and if undertaken, any prosecution of the perpetrator. In the event of a violation, the Maryland Insurance Administration (MIA) may order the insurer to accept the risk or business.

The bill applies prospectively to a homeowner's insurance policy issued, delivered, or renewed in the State on or after October 1, 2011.

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**Fiscal Summary**

**State Effect:** Minimal special fund revenue increase for MIA from the \$125 rate and form filing fee in FY 2012. The number of these filings cannot be estimated. Review of filings can be handled with existing budgeted MIA resources.

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** An insurer offering a homeowner's insurance policy may not, based solely on an individual's status as a victim of a crime of violence:

- cancel, refuse to underwrite or renew, or refuse to issue a policy;
- refuse to pay a claim under a policy;
- increase a premium, add a surcharge, apply a rating factor, retire a policy, remove a discount, or take any other adverse underwriting or rating action.

Payment to an innocent coinsured may be limited to the amount of the loss up to the homeowner's insurance policy limits, less any applicable deductible, coinsurance, and any payment to a secured party. An insurer has the right of subrogation against the perpetrator of the crime of violence that led to the loss and may exclude any property owned solely by the perpetrator from coverage under the homeowner's policy. The bill does not require payment in excess of a homeowner's insurance policy limits or prohibit an insurer from applying reasonable standards of proof or further investigating a claim and exercising the insurer's rights.

"Victim" means a policyholder or claimant who suffers personal injury, death, or property loss as a result of a crime of violence.

"Crime of violence" is defined as any of the acts specified in § 14-101 of the Criminal Law Article.

**Current Law:** An insurer or insurance producer may not refuse to underwrite or require special conditions, facts, or situations as a condition to its acceptance of a particular insurance risk or class of risk for a reason based on race, color, creed, sex, or blindness of an applicant or policyholder or for any arbitrary, capricious, or unfairly discriminatory reason. An insurer or insurance producer may not refuse to underwrite a particular insurance risk or class of risk except for reasons reasonably related to the insurer's economic and business purposes.

An insurer offering policies for life insurance or health insurance is prohibited from discriminating against a person based on status as a victim of domestic violence.

Currently, 24 acts are specified as crimes of violence under the Criminal Law Article.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** HB647 (Delegate Braveboy) – Economic Matters.

**Information Source(s):** Governor’s Office of Crime Control and Prevention, Maryland Insurance Administration, Department of Public Safety and Correctional Services, Department of Legislative Services

**Fiscal Note History:** First Reader - February 14, 2011  
ncs/ljm Revised - Senate Third Reader - March 25, 2011

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