

Department of Legislative Services  
Maryland General Assembly  
2019 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

House Bill 191  
Economic Matters

(Delegate Sydnor, *et al.*)

Finance

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Homeowner's Insurance - Discrimination in Underwriting and Rating - Status as  
Surviving Spouse

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This bill prohibits an insurer from increasing the homeowner's insurance premium for an insured who becomes a surviving spouse based solely on the insured's change in marital status. **The bill takes effect January 1, 2020.**

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Fiscal Summary

**State Effect:** Special fund revenues increase minimally in FY 2020 due to the \$125 rate and form filing fee; the Maryland Insurance Administration can review the filings using existing resources. Negligible decrease in general fund revenues, as discussed below.

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

**Small Business Effect:** Minimal.

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Analysis

**Current Law:** Insurance law does not explicitly prohibit (or authorize) an insurer from using an applicant's or insured's marital status when underwriting and rating a homeowner's insurance policy. However, an insurer may not use an applicant's or insured's credit history to (1) refuse to underwrite, cancel, or refuse to renew a homeowner's insurance policy; (2) rate a policy in any manner; or (3) require a particular payment plan for the policy.

Similar to the bill's prohibition for homeowner's insurance, Chapters 639 and 640 of 2017 prohibit a private passenger motor vehicle insurer from increasing the premium for an

insured who becomes a surviving spouse based solely on the insured's change in marital status.

**State Revenues:** Title 6 of the Insurance Article imposes a 2% premium tax on each authorized insurance company, surplus lines broker, or unauthorized insurance company that sells, or an individual who independently procures, any type of insurance coverage upon a risk that is located in the State. Revenues generally accrue to the general fund.

To the extent that less premium tax revenue is collected because insurers are prohibited from increasing premiums based solely on an insured's change in marital status, premium tax revenues decrease. Currently available information suggests that increasing a policyholder's rates due solely to his or her change in marital status when he or she becomes a surviving spouse does not happen often. Therefore, even though prohibiting the practice means an insurer may not increase a premium when it otherwise would have done so, the total effect on premium tax revenues in the State is expected to be negligible.

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### **Additional Information**

**Prior Introductions:** HB 1748 of 2018 was assigned to the House Rules and Executive Nominations Committee, but no further action was taken.

**Cross File:** SB 607 (Senator Hester, *et al.*) - Finance.

**Information Source(s):** Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - February 1, 2019  
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