

Department of Legislative Services  
Maryland General Assembly  
2021 Session

FISCAL AND POLICY NOTE  
First Reader

Senate Bill 580  
Finance

(Senator Kagan)

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Homeowner's Insurance - Weather-Related Claims

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This bill prohibits a homeowner's insurer from considering a claim for a weather-related event for the purpose of canceling or refusing to renew coverage for a policy if the claim is (1) for an amount of loss that is less than the insured's deductible under the policy or (2) resolved with no payout to the homeowner by the insurer.

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Fiscal Summary

**State Effect:** The bill does not materially affect State operations or finances.

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

**Small Business Effect:** Minimal.

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Analysis

**Current Law:** Generally, an insurer or insurance producer may not cancel or refuse to underwrite or renew a particular insurance risk or class of risk except by the application of standards that are reasonably related to the insurer's economic and business purposes.

Generally, an insurer may not cancel or refuse to renew coverage for a homeowner's insurance policy based on an insured's claims history for weather-related claims unless there were three or more weather-related claims within the preceding three-year period. However, an insurer may consider weather-related events if the insurer notified the insured in writing of reasonable or customary repairs or replacement specific to the insured's

premises or dwelling that the insured failed to make and which, if made, would have prevented the loss for which the claim was made.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** HB 641 (Delegate Palakovich Carr) - Economic Matters.

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

**Fiscal Note History:** First Reader - February 9, 2021  
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Analysis by: Richard L. Duncan

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510