

Chapter 381

(House Bill 1148)

AN ACT concerning

Property and Casualty Homeowner's and Renter's Residential Condominium
Unit Insurance – Lapses in Coverage – Prohibition on Denial

FOR the purpose of prohibiting ~~a property and casualty~~ an insurer, with respect to ~~homeowner's insurance or renter's residential condominium unit insurance~~, from ~~denying coverage based~~ *refusing to issue a policy based solely* on a prior lapse in coverage of the applicant under certain circumstances; ~~authorizing a property and casualty insurer to require an applicant to submit a certain affidavit;~~ and generally relating to ~~property and casualty homeowner's and renter's residential condominium unit~~ insurance.

BY adding to

Article – Insurance

Section 27–501(u)

Annotated Code of Maryland

(2017 Replacement Volume and 2024 Supplement)

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

Article – Insurance

27–501.

(U) ~~(1) WITH RESPECT TO PROPERTY AND CASUALTY HOMEOWNER'S INSURANCE OR RENTER'S INSURANCE, AN INSURER MAY NOT DENY COVERAGE BASED ON A PRIOR LAPSE IN COVERAGE OF THE APPLICANT IF THE LAPSE IN COVERAGE WAS:~~

~~(1) ~~(1) DUE TO THE CHOICE OF THE APPLICANT; AND~~~~

~~(2) ~~(1) NOT DUE TO LOSSES INCURRED BY OR THE CLAIMS HISTORY OF THE APPLICANT.~~~~

~~(2) AN INSURER MAY REQUIRE THAT AN APPLICANT SUBMIT AN AFFIDAVIT STATING THAT THE APPLICANT DID NOT INCUR A LOSS DURING THE PRIOR LAPSE IN COVERAGE~~ *If an applicant for residential condominium unit insurance experiences a lapse in coverage of the applicant's prior residential condominium unit due to an insurer's withdrawal from the market, an insurer from whom the applicant seeks new residential*

CONDOMINIUM UNIT COVERAGE MAY NOT REFUSE TO ISSUE A POLICY BASED SOLELY ON THE APPLICANT'S LAPSE IN COVERAGE ON THE UNIT IF:

(1) THE LAPSE IN COVERAGE WAS FOR NOT LONGER THAN 90 DAYS;

(2) IF REQUIRED BY THE NEW INSURER, THE APPLICANT PROVIDES AN AFFIDAVIT THAT THE APPLICANT HAS NOT INCURRED ANY LOSSES DURING THE LAPSE IN COVERAGE; AND

(3) THE APPLICANT PROVIDES ANY OTHER DOCUMENTATION REQUIRED BY THE INSURER.

SECTION 2. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall apply to new residential condominium unit insurance policies issued on or after January 1, 2026.

SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2025.

Approved by the Governor, May 6, 2025.