

SENATE BILL 95

C4

6lr1513

(PRE-FILED)

By: **Senator Ellis**

Requested: October 31, 2025

Introduced and read first time: January 14, 2026

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Property and Casualty Insurance – Parametric Insurance – Regulation**

3 FOR the purpose of establishing requirements and prohibitions for parametric insurance
4 policies that are issued to a resident of the State or are sold, solicited, negotiated, or
5 offered in the State; authorizing the Maryland Insurance Commissioner to establish
6 a certain pilot program regarding parametric insurance; and generally relating to
7 parametric insurance.

8 BY repealing and reenacting, without amendments,
9 Article – Insurance
10 Section 1–301
11 Annotated Code of Maryland
12 (2017 Replacement Volume and 2025 Supplement)

13 BY adding to
14 Article – Insurance
15 Section 19–1201 through 19–1212 to be under the new subtitle “Subtitle 12.
16 Parametric Insurance”
17 Annotated Code of Maryland
18 (2017 Replacement Volume and 2025 Supplement)

19 Preamble

20 WHEREAS, The General Assembly finds that climate-related catastrophic events
21 require rapid financial response mechanisms to support community resilience; and

22 WHEREAS, The General Assembly finds that parametric insurance products that
23 provide predetermined payments when specified measurable triggers are reached may
24 improve outcomes; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



WHEREAS, The General Assembly finds that the State should allow the development of parametric insurance products with strong consumer protections, transparency, actuarial soundness, and oversight by the Maryland Insurance Administration; now, therefore,

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

Article – Insurance

1–301.

In addition to any administrative penalty otherwise applicable, a person that willfully violates any provision of this article, with respect to which a greater penalty is not provided by other applicable State law, is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$100,000.

SUBTITLE 12. PARAMETRIC INSURANCE.

19–1201.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) “BASIS RISK” MEANS THE RISK THAT A PARAMETRIC BENEFIT DOES NOT EQUAL THE POLICYHOLDER’S ACTUAL LOSS.

(C) (1) “FALLBACK MECHANISM” MEANS A DATA SOURCE USED TO TRACK OR COLLECT INFORMATION RELATED TO NATURAL DISASTERS.

(2) “FALLBACK MECHANISM” INCLUDES:

(I) SATELLITE IMAGERY; AND

(II) RADAR DATA.

(D) “INDEPENDENT DATA SOURCE” MEANS A SPECIFIED GOVERNMENTAL OR THIRD-PARTY AGENCY, SENSOR NETWORK, OR SCIENTIFIC INSTRUMENT USED TO CONFIRM TRIGGER EVENTS.

(E) “INSURER” MEANS AN INSURER OF PROPERTY OR CASUALTY INSURANCE THAT ISSUES OR DELIVERS A POLICY OF PARAMETRIC INSURANCE IN THE STATE.

(F) "LOW-INCOME HOUSEHOLD" MEANS A HOUSEHOLD WITH AN INCOME THAT DOES NOT EXCEED 50% OF THE AREA MEDIAN INCOME FOR A HOUSEHOLD OF THE SAME SIZE.

(G) "MODERATE-INCOME HOUSEHOLD" MEANS A HOUSEHOLD WITH AN INCOME THAT DOES NOT EXCEED 80% OF THE AREA MEDIAN INCOME FOR A HOUSEHOLD OF THE SAME SIZE.

(H) "PARAMETRIC INSURANCE" MEANS A POLICY THAT PAYS A PREDETERMINED BENEFIT WHEN A SPECIFIED, OBJECTIVELY MEASURABLE TRIGGER EVENT OCCURS, REGARDLESS OF ACTUAL LOSS.

(I) "PILOT PROGRAM" MEANS A PARAMETRIC INSURANCE AND COMMUNITY-BASED PILOT PROGRAM.

(J) "POLICYHOLDER" MEANS THE OWNER OF A POLICY OF PARAMETRIC INSURANCE.

(K) "PUBLIC ENTITY" INCLUDES A GOVERNMENT-AFFILIATED ORGANIZATION THAT PROVIDES PUBLIC SERVICES.

(L) (1) "TRIGGER EVENT" MEANS A NATURAL DISASTER, INCLUDING:

(I) EARTHQUAKES;

(II) HIGH WINDS;

(III) HURRICANES; AND

(IV) FLOODS.

(2) "TRIGGER EVENT" DOES NOT INCLUDE A CYBER-RELATED EVENT.

19-1202.

THIS SUBTITLE APPLIES ONLY WITH RESPECT TO PARAMETRIC INSURANCE POLICIES OR CERTIFICATES THAT ARE:

(1) ISSUED TO A RESIDENT OF THE STATE; OR

(2) SOLD, SOLICITED, NEGOTIATED, OR OFFERED IN THE STATE.

1 **19-1203.**

2 (A) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, EACH
3 INSURER SHALL PROVIDE APPLICANTS AND POLICYHOLDERS WITH A WRITTEN
4 STATEMENT THAT SUMMARIZES THE COVERAGES AND EXCLUSIONS UNDER THE
5 PARAMETRIC INSURANCE POLICIES ISSUED BY THE INSURER.

6 (2) THE STATEMENT REQUIRED UNDER PARAGRAPH (1) OF THIS
7 SUBSECTION SHALL BE PROVIDED TO:

8 (I) AN APPLICANT AT THE TIME OF APPLICATION; AND

9 (II) EACH POLICYHOLDER ON A YEARLY BASIS.

10 (B) AN INSURER SHALL PROVIDE A ONE-PAGE FACT SHEET WRITTEN IN
11 CLEAR, PLAIN LANGUAGE TO AN INDIVIDUAL OR A SMALL BUSINESS POLICYHOLDER
12 AT THE TIME OF ISSUANCE OR RENEWAL OF A PARAMETRIC INSURANCE POLICY
13 THAT DESCRIBES THE BASIS RISK UNDER THE POLICY.

14 (C) THE STATEMENTS REQUIRED UNDER THIS SECTION SHALL:

15 (1) CONTAIN THE INSURER'S CURRENT ADDRESS, TELEPHONE
16 NUMBER, AND WEBSITE ADDRESS; AND

17 (2) BE SENT TO THE APPLICANT OR THE INSURED:

18 (I) IN ELECTRONIC FORM TO THE LAST KNOWN E-MAIL
19 ADDRESS OF THE APPLICANT OR INSURED; OR

20 (II) BY FIRST-CLASS MAIL TO THE LAST KNOWN ADDRESS OF
21 THE APPLICANT OR THE INSURED.

22 **19-1204.**

23 ON OR BEFORE DECEMBER 1 EACH YEAR, EACH INSURER SHALL REPORT TO
24 THE COMMISSIONER INFORMATION REGARDING PARAMETRIC INSURANCE
25 POLICIES, INCLUDING INFORMATION ON THE FOLLOWING AS REQUIRED BY THE
26 COMMISSIONER:

27 (1) THE NUMBER OF POLICIES ISSUED;

28 (2) PREMIUMS;

1 **(3) TRIGGER EVENTS;**

2 **(4) PROVIDED BENEFITS;**

3 **(5) INFORMATION ON ANY DISPUTES; AND**

4 **(6) BASIS RISK INCIDENTS.**

5 **19-1205.**

6 **(A) THIS SECTION MAY NOT BE CONSTRUED TO REQUIRE AN INSURER TO**
7 **DISCLOSE INFORMATION THAT IS PROPRIETARY OR IS TRADE SECRET INFORMATION**
8 **UNDER APPLICABLE LAW.**

9 **(B) TO QUALIFY AS A TRIGGER EVENT UNDER A PARAMETRIC INSURANCE**
10 **POLICY, THE EVENT MUST BE:**

11 **(1) MEASURABLE THROUGH OBJECTIVE CRITERIA; AND**

12 **(2) VERIFIABLE BY AN INDEPENDENT SOURCE.**

13 **(C) TO MEASURE A TRIGGER EVENT, AN INSURER MAY USE:**

14 **(1) SUBJECT TO SUBSECTION (D) OF THIS SECTION, A PROPRIETARY**
15 **INDEX; OR**

16 **(2) IF PRIMARY DATA IS UNAVAILABLE, A FALLBACK MECHANISM.**

17 **(D) AN INSURER MAY USE A PROPRIETARY INDEX UNDER SUBSECTION**
18 **(C)(1) OF THIS SECTION ONLY IF THE INSURER PROVIDES ACCESS TO AUDIT**
19 **REPORTS.**

20 **19-1206.**

21 **(A) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE, EACH INSURER**
22 **SHALL FILE WITH THE COMMISSIONER ALL RATES, SUPPLEMENTARY RATE**
23 **INFORMATION, POLICY FORMS, MODIFICATIONS OF RATES, AND ENDORSEMENTS**
24 **THAT THE INSURER PROPOSES TO USE.**

25 **(B) IN EACH FILING SUBMITTED UNDER THIS SECTION, THE INSURER SHALL**
26 **STATE THE APPLICABLE EFFECTIVE DATES OF THE RATE AND INDICATE THE**
27 **CHARACTER AND EXTENT OF THE COVERAGE CONTEMPLATED.**

1 **19-1207.**

2 (A) EACH INSURER THAT ISSUES, SELLS, OR DELIVERS A PARAMETRIC
3 INSURANCE POLICY SHALL, AT THE TIME OF APPLICATION AND RENEWAL, OFFER IN
4 WRITING TO PROVIDE COVERAGE FOR LOSS THAT IS CAUSED BY OR RESULTS FROM
5 A TRIGGER EVENT.

6 (B) AN OFFER REQUIRED UNDER SUBSECTION (A) OF THIS SECTION SHALL
7 INCLUDE AN EXPLANATION, WRITTEN IN CLEAR AND SPECIFIC TERMS, OF:

8 (1) THE TRIGGER EVENT;

9 (2) THE METHODOLOGY USED TO MEASURE THE TRIGGER EVENT;

10 (3) BASIS RISK, INCLUDING AT LEAST TWO NUMERICAL EXAMPLES;

11 (4) THE PROPOSED TIMELINE FOR ANY BENEFIT;

12 (5) ANY INDEPENDENT DATA SOURCE; AND

13 (6) FALLBACK PROCESSES.

14 (C) AN INSURER SHALL PROVIDE THE EXPLANATION REQUIRED UNDER
15 SUBSECTION (B) OF THIS SECTION TO AN APPLICANT IN THE SAME MANNER AS
16 STATEMENTS UNDER § 19-1203 OF THIS SUBTITLE ARE REQUIRED TO BE PROVIDED.

17 (D) AN INSURER MAY COMPLY WITH THE RENEWAL NOTICE REQUIREMENTS
18 OF THIS SECTION BY SENDING THE NOTICE IN THE SAME MANNER AS THE
19 STATEMENTS REQUIRED UNDER § 19-1203 OF THIS SUBTITLE ARE PROVIDED.

20 **19-1208.**

21 (A) AN INSURER THAT ISSUES A POLICY OF PARAMETRIC INSURANCE MAY
22 NOT ADOPT AN UNDERWRITING STANDARD OF THE POLICY IN THE CASE OF A
23 TRIGGER EVENT UNLESS THE INSURER HAS FILED THE UNDERWRITING STANDARD
24 WITH THE COMMISSIONER.

25 (B) THE FILING REQUIRED UNDER SUBSECTION (A) OF THIS SECTION
26 SHALL:

27 (1) BE MADE AT LEAST 60 DAYS BEFORE THE DATE THAT THE
28 INSURER PROPOSES TO IMPLEMENT THE UNDERWRITING STANDARD IN THE STATE;
29 AND

(2) INCLUDE:

(I) A COPY OF THE UNDERWRITING STANDARD THE INSURER INTENDS TO IMPLEMENT;

(II) THE DATE ON WHICH THE INSURER INTENDS TO IMPLEMENT THE UNDERWRITING STANDARD;

(III) POLICY AND CONSUMER DISCLOSURE FORMS;

(IV) CONTRACT TERMS;

(V) A MEMORANDUM SUPPORTING RATES AND PRICING METHODOLOGY;

(VI) A DESCRIPTION OF INDEPENDENT DATA PROTOCOLS;

(VII) AN EXPLANATION OF VERIFICATION PROTOCOLS; AND

(VIII) EDUCATIONAL MATERIALS ON BASIS RISK.

(C) AN UNDERWRITING STANDARD ADOPTED UNDER THIS SECTION SHALL COMPLY WITH ALL APPLICABLE LAWS.

19-1209.

(A) THE COMMISSIONER MAY ESTABLISH A PILOT PROGRAM TO:

(1) PROVIDE INSURERS PARTICIPATING IN THE PILOT PROGRAM ADDITIONAL OPPORTUNITIES TO PROVIDE PARAMETRIC INSURANCE PRODUCTS;

(2) SERVE A PUBLIC NEED;

(3) PROTECT VULNERABLE POPULATIONS; AND

(4) ADVANCE POLICY GOALS IN THE STATE.

(B) EACH INSURER PARTICIPATING IN THE PILOT PROGRAM SHALL COMPLY WITH REGULATIONS ADOPTED BY THE COMMISSIONER THAT GOVERN THE PILOT PROGRAM.

(C) THE COMMISSIONER MAY:

(1) AUTHORIZE AN INSURER TO OFFER PRODUCTS FOR LOW- OR MODERATE-INCOME HOUSEHOLDS, SMALL BUSINESSES, LOCAL GOVERNMENTAL UNITS, OR PUBLIC ENTITIES; AND

(2) ESTABLISH AN EXPEDITED REVIEW PROCESS FOR PUBLIC OR COMMUNITY-BASED PILOT PROGRAMS.

(D) THE COMMISSIONER SHALL REQUIRE EACH INSURER THAT PARTICIPATES IN THE PILOT PROGRAM TO REPORT TO THE COMMISSIONER ON THE RESULTS OF THE PILOT PROGRAM ON OR BEFORE DECEMBER 1 EACH YEAR.

19-1210.

ON OR BEFORE DECEMBER 1 EACH YEAR, BEGINNING IN 2027, THE ADMINISTRATION SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON THE IMPLEMENTATION OF THIS SUBTITLE WITH RESPECT TO THE OFFERING OF PARAMETRIC INSURANCE IN THE STATE.

19-1211.

THE COMMISSIONER SHALL ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE.

19-1212.

THIS SUBTITLE MAY BE CITED AS THE MARYLAND PARAMETRIC INSURANCE AUTHORIZATION AND CONSUMER PROTECTION ACT.

SECTION 2. AND BE IT FURTHER ENACTED, That the Maryland Insurance Administration shall adopt regulations in accordance with § 19-1211 of the Insurance Article, as enacted by Section 1 of this Act, on or before January 1, 2027.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2026.