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Senate Bill 345
Homeowner's Insurance – Weather-Related Claims
and Notice of Cancellation or Nonrenewal

Senate Finance Committee – Hearing: February 12, 2020

SUPPORT

The People's Insurance Counsel Division ("PICD") supports Senate Bill 345 as it is written. This bill will prohibit an insurer from cancelling or refusing to renew a homeowner's insurance policy based on the claims history of the insured for weather-related claims. Current Maryland law allows an insurer to cancel or refuse to renew a homeowner's insurance policy if there are three or more weather-related claims within a three-year period.

Insurance companies use many different factors to rate and price a homeowner's insurance policy: age of the home, age of the roof, square footage, type of construction, etc. Weather-related factors, such as wind, hail, hurricanes, and lightning are also used. The use of weather-related claims as a means for terminating a homeowner's policy relies on something over which the homeowner has no control or choice. As an example, Ellicott City suffered two 1,000-year storms within two years, July 2016 and May 2018; the Catonsville area also was a victim of the May 2018 storm. Homeowners in these areas were at a disadvantage – for some, just one more weather-related claim during that window of time could have meant the termination of their homeowners insurance.

The ability to use weather as both a method to price the risk of a homeowner's insurance policy and as a means to terminate that same homeowner's insurance policy is unfair to Maryland consumers.



For the above reasons and in the interests of Maryland insurance consumers, the PICD supports Senate Bill 345 and urges a favorable report.



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