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February 24, 2021

To: The Honorable Delores G. Kelley
Chair, Finance Committee

From: Karen S. Straughn
Consumer Protection Division

Re: Senate Bill 580 – Homeowner's Insurance – Weather Related Claims (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of Senate Bill 580 submitted by Senator Cheryl C. Kagan. The bill prohibits the consideration of weather-related claims that result in an amount less than the insured's deductible or are resolved without payment by the insurer in determining whether to cancel or non-renew a homeowner's policy.

Presently, an insurer may cancel or non-renew a homeowner's policy if the insured has experienced three or more weather related losses in a three-year period. If a loss results in no payment to the insured, either because the amount payable would be less than the deductible or because there is no payment made, this should not contribute to terminating coverage. While there are expenses involved in a loss that may not result in payment, those expenses usually are small and should be considered a cost of doing business.

Weather-related claims are outside of the control of the insured. An individual may simply be the victim of unfortunate circumstances. If no payment is made on behalf of the insurer, however, further detriment to the insured should not occur. While minimal losses are often considered something that should be handled independently of the insurance company, the size of the loss may not be known at the time that it is reported to the insurance company.

For these reasons, we ask that the Finance Committee return a favorable report on this bill.

cc: The Honorable Cheryl C. Kagan
Members, Finance Committee