

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1148
Economic Matters

(Delegate Wivell, *et al.*)

Finance

Homeowner's and Renter's Insurance - Lapses in Coverage - Prohibition on Denial

This bill prohibits an insurer from denying coverage for homeowner's or renter's insurance based on a prior lapse in coverage of the applicant if the lapse in coverage was due to the choice of the applicant and not due to losses incurred by, or the claims history of, the applicant. 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.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State government operations or finances.

Local Effect: The bill is not anticipated to materially affect local government operations or finances.

Small Business Effect: Potential minimal.

Analysis

Current Law: The Maryland Insurance Administration (MIA) and the Insurance Commissioner's statutory and regulatory duties include, among other things, certifying insurers to operate in the State, reviewing and approving the rates and forms used by insurers, and licensing and certifying insurance professionals. MIA and the Commissioner have broad authority to enforce the requirements and prohibitions that apply to insurers and insurance professionals. For example, depending on the type of violation and following the administrative processes required by Insurance Law and regulations, the Commissioner

is authorized to issue orders directing insurers or insurance professionals to take certain actions, impose administrative penalties, and suspend or revoke certifications and/or licenses.

The Insurance Article expressly prohibits certain insurer practices and activities as unfair trade practices. One such practice is that, with respect to any type of insurance, an insurer may not *cancel or refuse to provide or renew coverage* for a reason based wholly or partly on race, color, creed, sex, or blindness of an applicant or policyholder or for any arbitrary capricious, or unfairly discriminatory reason.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

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

Fiscal Note History: First Reader - February 17, 2025
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