



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Testimony in Support of HB 333 - Homeowners Insurance – Weather-Related Claims and Notice of Cancellation or Nonrenewal

We all know that people buy homeowners insurance to protect themselves financially from circumstances that they cannot control or prevent, such as weather damage to their home.

Current state law, however, allows an insurance company to cancel or not renew a homeowner's policy if the policyholder makes three weather-related claims within three years. These are claims due to damage from a storm, wind, hail, lightning, ice, or fallen trees; these are not claims due to flooding, which are subject to federal flood insurance. It's important to note that these weather claims were not the fault of the homeowners; rather they were due to unpreventable damage.

Unfortunately, some Maryland residents are at risk of losing their homeowners insurance because of this provision of state law. It happened to a constituent of mine, whom you will be hearing from shortly. Such cancellations and non-renewals are likely to happen more often in the future, as climate change is making extreme weather events more frequent in Maryland and around the world.

This legislation would protect consumers who have experienced the bad luck of multiple instances of weather-related damage to their home and would ensure that policyholders receive the protections they paid for. Specifically, the bill prohibits insurance carriers from canceling a person's homeowners insurance because of weather-related claims that the homeowner could not have prevented.

Opponents of the bill will say that insurers will pull out of the market and that premiums will go up. But that's not what happened in New Jersey, which has had a similar law on their books since 1999. New Jersey's law does not appear to have negatively impacted that state's insurance market, as there is no evidence of price hikes for policyholders or of insurers leaving the market after the enactment of that legislation.

Once a homeowner loses their coverage because of weather-related claims, they become nearly uninsurable, as you will hear from my constituent, Mr. Silverman.

The second provision of the bill would ensure that a person whose homeowners insurance policy is canceled is aware of their right to appeal the cancellation to the

Maryland Insurance Commissioner. Policyholders currently have the right to appeal, but may not be aware of that right. A comparable provision already exists in Maryland state law for auto insurance.

If residents are good policy holders that protect their homes, pay their premiums on time, and are generally low risk in terms of the factors they can control, how can we as a state turn our backs on them when weather strikes?

It is for these reasons I ask for a favorable report on HB 333. Thank you for your consideration.