

**Testimony to the House Economic Matters Committee
HB 641: Homeowners Insurance-Weather-Related Claims
Position: Favorable**

February 11, 2020

The Honorable Dereck Davis, Chair
House Economic Matters Committee
Room 231, House Office Building
Annapolis, Maryland 21401
Cc: Members, House Economic Matters Committee

Honorable Chair Davis and Members of the Committee:

The Maryland Consumer Rights Coalition (MCRC) is a statewide coalition of individuals and organizations that advances financial inclusion and economic justice for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are here today in strong support of HB641. HB641 would prohibit a claim for a weather-related event for the purpose of canceling or refusing to renew the coverage on two conditions: 1) if the claim is for an amount of loss that is less than the deductible amount, or 2) results in no payout to the homeowner by the insurer.

This legislation complements current law which says that an insurer may cancel or refuse to renew coverage if there are three or more weather-related events within the preceding three years. However, current law is silent on whether the weather-related claims must be more than the deductible amount or what happens in the event that the claim results in no payout.

Climate change is leading to an increase in extreme weather events including hurricanes, tornadoes, and frequent storms and flooding throughout Maryland. This extraordinary situation could not have been predicted by homeowners who purchased homes even 5-10 years ago. Therefore, HB641 extends protections to consumers by ensuring that the three weather events that may lead to the cancellation or non-renewal of a policy are only events in which there was a cost to the insurer. If the cost did not exceed the deductible, or if there was no cost, then the event does not count toward the three events.

This is a commonsense solution to clarify current law and balance the needs of insurers and consumers at a time of economic hardship, uncertainty, and climate-induced extreme weather.

For all of these reasons, we support HB641 and urge a favorable report.

Best,

Marceline White
Executive Director