

SB580: Homeowner's Insurance - Weather-Related Claims

February 24, 2021

Position: **FAVORABLE**

Honorable Chair Kelley, Vice Chair Feldman, and Senate Finance Committee Members:

A changing climate must coincide with changing weather-related insurance policies. Current Maryland law provides homeowners' insurance companies with the right to cancel a policy if the consumer has made three or more claims within a three-year period. The law fails to protect consumers when they are faced with damage that is out of their hands, and it prioritizes the needs of the insurance company before the policyholder.

Maryland takes great pride in its Chesapeake Bay, but climate change continues to alter the spirit of our state. As a study from the [University of Maryland](#) explained, rising sea levels in the Mid-Atlantic have significantly impacted the Eastern Shore and Bay communities due to a drastic increase in flooding and storms. In the 1950s, Annapolis was faced with approximately 3.8 flood days per year, however, between the years 2007 to 2013, Annapolis was faced with approximately 39 flood days per year.

Insurance was created and is utilized as a form of risk management. A consumer should feel protected by their insurance policies. Catching a falling plate before it breaks is preventable, but a tree collapsing on one's house causes damage is neither preventable nor controllable.

[SB580](#) will revamp the current inequitable law that only protects consumers with less than three weather-related claims within a three-year period. This bill clarifies that a weather-related claim resulting in no payout to the customer (or a payout of less than the deductible) does not count towards the cancellation or non-renewal of the policy.

The right steps need to be taken to protect homeowners from being penalized for damage at no fault of their own. By requiring that weather-related claims do not count against the cancellation of a policy, SB580 seeks to both respect and protect consumers faced with damage to their home that is beyond their control.

Our homes are our place of safe haven. As an unprecedented tragedy strikes, a homeowner should not be filled with dread of losing their insurance policy.

I urge a favorable report of SB580.

Sincerely,

Evelina Sarapi
Darlington, MD