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THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

**SB580: Homeowner's Insurance - Weather-Related Claims**  
**Hearing: February 24, 2021, 1:00pm | Senate Finance Committee**

We buy insurance to protect ourselves financially from circumstances we cannot predict or control. Unfortunately, storms, wind, hail, lightning, ice, and falling trees can severely damage homes. Maryland law currently allows an insurance company to cancel a homeowner's policy if there are three weather-related claims within three years. [SB580](#) would protect those who have experienced damage to their home (through no fault of their own) from three natural disasters within three years.

Climate change is increasing the frequency of extreme weather events. The Chesapeake Bay's rising water levels will likely lead to increased flooding in our neighborhoods. Cancellations and non-renewals of homeowner's insurance due to weather-related claims will likely increase if no action is taken.

Last year, Del. Palakovich Carr and I introduced similar legislation ([SB345/HB333](#)) to address this consumer protection issue. This year's version clarifies that a weather-related claim does not count against the homeowner in the three-strike rule if it is:

- less than the deductible; or
- settled with no payout by the insurance company to the homeowner.

It also modifies cancellation policies to mirror those of auto-insurance companies; homeowners would be notified of their (existing) right to appeal.

[New Jersey](#) enacted similar legislation in 2013, and [Delaware](#) followed suit in 2014. Scare tactics that there would be price hikes for policyholders or that insurers would flee the state after enactment have proven to be unfounded. SB580 will protect consumers who have experienced multiple instances of weather-related damage to their homes.

**I urge a favorable report on SB580.**

**NOTE:** Attached is written testimony from District 17 constituent, Marc Silverman-- whose experience with Erie Insurance inspired this legislation. Though he does not feel tech-savvy enough to testify virtually, his compelling story is worth reading.

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**February 24, 2021**

**Marc Silverman**

**Written Testimony SB 580: SUPPORT**

Dear Chair Kelley, Vice Chair Feldman, and Senate Finance Committee:

I have firsthand experience regarding the need to change the current mandate in Maryland which now permits property insurance carriers to cancel a person's homeowners insurance if a policyholder makes 3 weather related claims in a 3 year period.

I have lived in my home in Rockville Md. for 48 years. I have had homeowners insurance coverage through two insurers during this time, first through State Farm and then through Erie Insurance.

To date, I have paid out approximately \$60,000 in premiums. I have always paid my premiums on time, and had never filed a claim until my first on February, 21 2017, due to possible hail damage to my roof which occurred on May 2, 2016. My next door neighbor had severe roof damage which resulted in required roof repair, thus I decided to pursue an investigation to determine if I had a similar problem. Erie Insurance sent out an adjuster and they determined that the roof was in acceptable condition with 15+ years of life, so no claim was to be paid out. This was fine with me, I was perfectly satisfied with this outcome.

The second weather related claim I filed was due to a series of massive wind storms which severely affected much of the Mid-Atlantic region on March 3, 2018. The catastrophic winds resulted in the uprooting of multiple large 45 year old pine trees, leaving massive holes in the ground large enough to accommodate SUVs. The fallen trees not only destroyed our rear fence and damaged other trees in our yard but also damaged trees in our neighbor's yards. The damage was so extensive that Erie Insurance had to bring in adjusters from other area to handle the claims. The adjuster who examined our damage came in from Texas. The claim resulted in the amount of \$10,912, with our \$1000.00 deductible we were to received \$9,812.00. This was considered our 2nd claim.

On March 26, 2018, 23 days later, we had additional trees, and large limbs come down. We indicated to the Erie adjuster that we firmly believed this was residual damage from the March 3, 2018 wind storm claim. They arbitrarily determined it was a separate claim which resulted in \$1,996 of damage. With our \$1000.00 deductible we were to receive \$996.00. If they agreed, that it was as result of prior wind storm, the deductible would not have been subtracted from the payout to us for this 3rd claim. At this time the 2nd claim file was still open and not paid out.

In November 2018 I received a letter from Erie Insurance stating that our homeowners insurance policy would be cancelled and not renewed as a result of 3 weather related claims in 3 years. I then proceeded to review my policy's declarations which were 9 + pages long, and buried in the documents, it in fact indicated, that Erie had the option to cancel and not renew. I never once reviewed the numerous pages of the insurance contract, nor do I believe anyone else does.

Current Maryland law gives homeowners the right to a hearing before an administration judge, to ascertain if a policy has been wrongly cancelled. I believed at that time, that I had only 2 claims. Claim 1, hail issue and Claim 2, wind damage, and Claim 3, in my judgement should have been considered a result of Claim 2 and not a separate claim.

During my pre-hearing research, I discovered that if a Homeowner's Insurance claim is filed, but NO PAYOUT is made, it is not considered a claim. This now clearly eliminated Claim 1 because nothing was paid out. My defense was that Claim 1 and 3 were not legitimate and cancellation should be rescinded. The administrative judge ruled in my favor and instructed Erie Insurance to rescind cancellation and reissue a new policy.

Prior to this ruling, I attempted to secure new insurance from a dozen or so insurance carriers and was not successful, simply because I had 3 weather related claims in 3 years on the books. I did in fact finally get one quote from one Company, Lloyds of London, for \$4300 a year. My prior and current premium at that time, was \$1400 a year.

After the Maryland Insurance Administration ruled in my favor and instructed Erie Insurance to reissue a new policy, Erie submits a renewal policy to me for a higher number of \$1850.00 yearly. With a, now clean weather related claim record, I was able to secure an acceptable policy from a new Company and told Erie I was not interested in their business. Then I also cancelled my auto insurance with them and secured insurance elsewhere.

Thank you for the opportunity to submit testimony. I respectfully urge a favorable report on SB 580.

Marc Silverman