

(2002 Replacement Volume and 2003 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Insurance

27-501.

(d) (1) With respect to automobile liability insurance, an insurer may not:

(i) cancel, refuse to renew, or otherwise terminate coverage for an automobile insurance risk because of a claim, traffic violation, or traffic accident that occurred more than 3 years before the effective date of the policy or renewal; or

(ii) refuse to underwrite an automobile insurance risk because of a claim, traffic violation, or traffic accident that occurred more than 3 years before the date of application.

(2) With respect to homeowner's insurance, an insurer may not:

(i) cancel, refuse to renew, or otherwise terminate coverage for a homeowner's insurance risk because of a claim that occurred more than 3 years before the effective date of the policy or renewal; or

(ii) refuse to underwrite a homeowner's insurance risk because of a claim that occurred more than 3 years before the date of application.

(3) AN INSURER MAY CANCEL A POLICY OF HOMEOWNER'S INSURANCE UNDER WHICH A ONE-TIME GUARANTEED FULLY REFUNDABLE DEPOSIT IS REQUIRED FOR A STATED AMOUNT OF COVERAGE, IF THE CANCELLATION:

(I) TAKES EFFECT ON THE ANNIVERSARY DATE OF THE INCEPTION OF THE POLICY;

(II) IS NOT BASED ON A CLAIM THAT OCCURRED MORE THAN 3 YEARS BEFORE THE ANNIVERSARY DATE OF THE POLICY ON WHICH THE PROPOSED CANCELLATION WOULD TAKE EFFECT; AND

(III) IS OTHERWISE IN ACCORDANCE WITH THIS SUBTITLE.

(4) [Paragraphs (1) and (2) of this subsection do] THIS SUBSECTION DOES not apply to a claim involving conviction of the insured or applicant for fraud or arson.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2004.

May 26, 2004

The Honorable Michael E. Busch
Speaker of the House