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FISCAL IMPACT REPORT

SPONSOR: Beam DATE TYPED: 03/05/03 HB 933

SHORT TITLE: Homeowner Insurance Not-at-Fault Claims SB _____

ANALYST: Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			NFI		

SOURCES OF INFORMATION

Responses Received From

Attorney General's Office (AGO)

Public Regulation Commission (PRC)

SUMMARY

Synopsis of Bill

House Bill 933 prohibits insurance companies from canceling or not renewing homeowners policies due to the submission of claims for which the policyholder was not at fault.

Significant Issues

Due in large part to the recent rise in mold and other water-related insurance claims across the country, many insurers are now canceling or not renewing homeowners policies if a water related claim has been submitted.

Furthermore, homeowners whose policies are cancelled or not renewed now often find it difficult to obtain coverage elsewhere because of the insurance industry's widespread use of a proprietary data bank called CLUE, whereby homes with a history of water-related claims are effectually "blacklisted".

ADMINISTRATIVE IMPLICATIONS

The PRC's Insurance Division's one-person Investigations Unit may have an additional workload if companies resist complying with HB 933.

TECHNICAL ISSUES

The PRC notes it is not clear whether HB 933 will void, for homeowners insurance, the provisions of § 59A-18-29-B, which give insurance companies the right to cancel any property and casualty insurance policy without cause during the first 60 days of the original policy period.

Also, HB 933 could be expanded to prohibit the raising of homeowners premiums as well as the cancellation and non-renewal of policies due to the submission of claims for which the policyholder was not at fault.

DW/yr