



October 7, 2008

MARYLAND HB 577 PROHIBITS ARBITRATION PROVISIONS IN INSURANCE CONTRACTS

BACKGROUND

Maryland House Bill 577 adds Section 3-206.1 to the Courts and Judicial Proceedings Article in the Annotated Code of Maryland effective January 1, 2009. This law makes any provision in an insurance contract with a consumer (defined in the law as an individual) that requires arbitration void and unenforceable. However, the law specifically exempts appraisal conditions used to determine the value of property from the prohibition.

MSO® FORMS

None of the MSO forms or endorsements in any of the commercial or personal lines programs include an arbitration provision. The property forms do include an appraisal condition which is allowed. Therefore, there are no changes needed in any MSO program.

QUESTIONS

Contact Jan Kozlowski at (800) 935-6900.