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INSURANCE LAW BULLETIN

Re: **Maryland's Highest Court Affirms Geographic Underwriting Restriction Limiting Catastrophic Hurricane Risk**

On January 25, 2012, the Court of Appeals of Maryland determined that a homeowner's insurer had complied with Maryland Insurance Article §§ 19-107 and 27-501 in setting geographic underwriting restrictions for catastrophic storms. The challenge to this regulatory filing was initiated in 2007 by the People's Insurance Counsel ("PIC").

At the evidentiary hearing, the Maryland Insurance Commissioner determined the insurer had the burden of proving compliance with the Maryland Insurance Article. The Commissioner found the insurer's evidence, derived from homeowners' data, computer hurricane modeling, and accepted actuarial principles, sufficient to prove compliance.

Affirming the Commissioner's decision, the Court of Appeals rejected the PIC's argument that reversal was required by *Crumlish v. Insurance Commissioner*, a 1987 intermediate appellate court decision, based on insufficient statistical evidence. The Court found (i) the insurer's catastrophic underwriting restrictions satisfied § 27-501 because they were reasonably related to its economic and business purposes; and (ii) *Crumlish* never imposed "a universal [statistical] requirement applicable to every underwriting standard."

If you would like a copy of the decision or have any questions, then please contact **Bryan D. Bolton**, who represented the insurer throughout these proceedings. You can reach Bryan at 410.659.7754 or bbolton@fblaw.com.

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