
Maryland Supreme Court Holds Anti-Assignment Provision Unenforceable

21 Aug 2025

[Carolina A. Jordan](#)

In its July 24, 2025 opinion, the Supreme Court of Maryland held that an anti-assignment clause did not prohibit the assignment of a post-loss claim made under an insurance policy. In re Petition of Featherfall Restoration, LLC, 2025 WL 2080932 (Md. July 24, 2025). In so ruling, the court distinguished between the policy itself and a claim arising under it, noting that a claim is a “chose in action” and thus an assignable property interest.

In early 2019, two homeowners purchased an insurance policy from Travelers Home and Marine Insurance Company (“Travelers”) for their residence. The policy included an anti-assignment clause prohibiting assignment without the insurer's consent. In May 2020, after the policy expired, the Policyholders reported roof damage from a 2019 storm and hired Featherfall Restoration, LLC (“Featherfall”) to repair it. Travelers denied the claim, citing wear and tear. The Policyholders then assigned their claim to Featherfall, which Travelers refused to recognize due to the anti-assignment clause. Featherfall filed a complaint with the Maryland Insurance Administration (MIA), the agency regulating the state's insurance industry and in charge of investigating consumer claims against insurers, asserting its right to act in place of the Policyholders. The MIA upheld the anti-assignment clause and concluded that Featherfall was not entitled to a hearing. Featherfall sought judicial review. Prior to reaching the Maryland Supreme Court, the MIA and the courts below primarily relied on precedent upholding anti-assignment clauses as enforceable and refused to acknowledge there was any distinction between pre-loss or post-loss assignments.

The central issue in this case was whether the assignment operated to assign a specific claim or assigned the whole policy and all the rights and benefits flowing from it. The court disagreed that a policy and a “claim” under the policy, are not conceptually different. The court noted the policy used the word “claim” to address specific requests for coverage or payment. The court recognized that the distinction between a claim and a policy is embedded in Maryland law on “chose in action.” A “chose in action” is a proprietary right to a debt owed by another person or a claim for damages in tort and a right to bring an action to recover a debt, money, or thing. Such right includes the right to enforce claims for breach of contract or for benefits under a contract, like a payment of money. A “chose in action” is different from a contract instrument from which a claim arises. In reaching its holding, the court concluded that a “reasonable person in the position of the parties would not have understood a prohibition on the assignment of ‘this policy’ to include a prohibition on the assignment of a single post-loss claim.” Ultimately, the court concluded that Travelers should have honored the assignment and handled Featherfall's claim no differently than if it had been asserted by the Policyholders.

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