

Maryland Supreme Court: Anti-Assignment Clause Doesn't Block Claim Transfer After Damage

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In *In the Matter of the Petition of Featherfall Restoration, LLC*. No. 17, September Term 2024, Supreme Court of Maryland, Opinion by Gould, J. (July 24, 2025), the Maryland Supreme Court dramatically expanded post-loss assignment rights. The case involved Travelers Home & Marine Insurance Company, which issued a "High Value" homeowner's policy covering a Potomac residence. After storm damage, the policyholder filed a claim and hired Featherfall Restoration LLC, under an "Assignment of Claim" agreement that transferred "any and all insurance rights, benefits, proceeds, and any causes of action" to Featherfall. Travelers denied the claim due to claims that the roof damage resulted from wear and tear and also took the position that the assignment was not valid, citing its policy language: "Assignment of this policy will not be valid unless we give our written consent."

In a unanimous decision issued July 24, 2025, the Maryland justices held that once a loss has occurred, the right to payment becomes a "chose in action," or a legal right that can be transferred, even if the policy itself says otherwise. That post-loss claim is no longer a part of the policy, it is a separate asset, such as a debt owed by another person. The insurer's reliance on the anti-assignment policy language failed because the right being assigned was *not* the policy itself, but rather the policyholder's rights with respect to a specific claim.

The ruling has sharp implications for corporate insurance counsel. It shifts leverage in vendor-insurer disputes and exposes insurers to a wider array of potential claimants, especially in the restoration and construction sectors, where assignments are common. Anti-assignment clauses may still limit pre-loss transfers. However, under Maryland law, they won't bar recovery actions by post-loss assignees. Counsel may want to revisit policy language and vendor engagement protocols accordingly.