

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL 695

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 3, strike “prohibiting” and substitute “requiring”; in the same line, strike “from issuing” and substitute “that issues”; and in line 4, after “clause” insert “to provide a policyholder with a certain notice; authorizing the Maryland Insurance Commissioner to adopt certain regulations; requiring a certain committee of the General Assembly to conduct a certain study and issue a final report on or before a certain date; requiring the Maryland Insurance Administration to provide certain data for the study”.

AMENDMENT NO. 2

On page 1, in line 16, before “AN” insert “(A)”; in the same line, strike “MAY NOT ISSUE” and substitute “THAT ISSUES”; and strike in their entirety lines 18 through 22, inclusive, and substitute “SHALL PROVIDE A POLICYHOLDER EACH YEAR WITH A NOTICE THAT:

(1) IS CLEAR AND SPECIFIC;

(2) DESCRIBES THE ACC;

(3) DESCRIBES THE MANNER IN WHICH THE ACC CLAUSE MAY BE APPLIED BY PROVIDING AT LEAST ONE EXAMPLE;

(4) INFORMS THE INSURED TO READ THE POLICY FOR COMPLETE INFORMATION ON THE EXCLUSIONS; AND

(Over)

(5) STATES THAT THE INSURED SHOULD COMMUNICATE WITH THE INSURANCE PRODUCER OR THE INSURER FOR ADDITIONAL INFORMATION REGARDING THE SCOPE OF THE EXCLUSIONS.

(B) THE COMMISSIONER MAY ADOPT REGULATIONS TO IMPLEMENT THIS SECTION.”.

AMENDMENT NO. 3

On page 2, in line 1, after “ENACTED,” insert “That:”

(a) The House Economic Matters Committee shall study the handling by insurers and the National Flood Insurance Program of property insurance claims in cases where there are two or more factors that could affect or cause the loss.

(b) As part of the study, the Committee shall review:

(1) the history, nature, scope, and general effect of the anti-concurrent causation clause (ACC);

(2) the number of states that allow or do not allow the use of the ACC, whether or not this is done through statute or judicial decision, and the rationale given by states for allowing or disallowing use of the ACC;

(3) the number of complaints involving the ACC filed with the Maryland Insurance Administration in each of the past 5 years and their resolution;

(4) the interaction between the use of the ACC by the insurance industry and the claims practices of the National Flood Insurance Program;

(5) the impact of disallowing the ACC in Maryland, including the impact on premium levels, underwriting practices, and competition; and

(6) the cost, fairness, and effectiveness of mediation processes, including the processes set up in the wake of Tropical Storm Sandy, and the likelihood that mediation could lead to regulatory action or class action and bad faith claims.

(c) The study shall be staffed by staff of the House Economic Matters Committee.

(d) The Maryland Insurance Administration shall provide all data requested by the Committee.

(e) The Committee shall issue a final report on the study on or before December 31, 2013.

SECTION 3. AND BE IT FURTHER ENACTED.”;

in the same line, after “That” insert “Section 1 of”; in line 4, strike “3.” and substitute “4.”; and in line 5, strike “October” and substitute “June”.