

SENATE BILL 887

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4lr2519
CF 4lr2582

By: **Senator Feldman**

Introduced and read first time: January 31, 2014

Assigned to: Finance

A BILL ENTITLED

AN ACT concerning

Homeowner's Insurance – Underwriting Standards – Deductibles

FOR the purpose of repealing the requirement that an insurer that issues a policy of homeowner's insurance file with the Maryland Insurance Commissioner for approval a certain underwriting standard that requires a certain deductible under certain circumstances before the insurer may implement the underwriting standard; requiring an insurer that issues a policy of homeowner's insurance to file for information with the Commissioner a certain underwriting standard that requires a certain deductible under certain circumstances at least a certain period of time before the insurer proposes to implement the underwriting standard; altering the contents of a certain filing; repealing a provision of law that prohibits a certain underwriting standard from taking effect until a certain period of time has passed; repealing the authority of the Commissioner to take certain actions with regard to a certain underwriting standard during certain periods of time; repealing a provision of law that a certain filing is deemed approved unless disapproved by the Commissioner during certain periods of time; authorizing an insurer to adopt a certain underwriting standard that requires a certain deductible under certain circumstances if the deductible applies only during a certain period of time and regardless of where the insured's home is located; requiring an insurer to send a copy of a certain form to the Commissioner for information under certain circumstances; providing for the application of this Act; and generally relating to underwriting standards and deductibles under homeowner's insurance.

BY repealing and reenacting, with amendments,
Article – Insurance
Section 19–209
Annotated Code of Maryland
(2011 Replacement Volume and 2013 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Insurance

19–209.

(a) (1) An insurer that issues a policy of homeowner’s insurance may not adopt an underwriting standard that requires a deductible that exceeds 5% of the “Coverage A – Dwelling Limit” of the policy in the case of a hurricane [or other storm], unless[:

(i)] the insurer has filed the underwriting standard for [approval by] INFORMATION WITH the Commissioner[; and

(ii) the Commissioner has approved the underwriting standard in writing].

(2) The filing required by paragraph (1) of this subsection shall:

(i) be made at least 60 days before the insurer proposes to implement the underwriting standard in the State; and

(ii) include [any information required by the Commissioner, including]:

1. a copy of the underwriting standard the insurer [proposes] INTENDS to implement;

[2. the data relied on by the insurer in developing the underwriting standard;] and

[3.] 2. the date on which the insurer intends to implement the underwriting standard.

[(3) An underwriting standard subject to this subsection may not take effect until 60 days after it is filed with the Commissioner.

(4) During the initial 60–day waiting period, the Commissioner may extend the waiting period for an additional period, not to exceed 60 days, by written notice to the insurer that the Commissioner needs additional time for consideration of the filing.

(5) A filing is deemed approved unless disapproved by the Commissioner during the waiting period or any extension of the waiting period.

(6) If the Commissioner finds that compliance with paragraph (3) or (4) of this subsection would result in impairment of the insurer or a significant financial loss to the insurer, the Commissioner may allow an insurer to implement its underwriting standard establishing a deductible at the percentage indicated in the filing within 60 days after the filing of the underwriting standard.

(7) **(3)** An underwriting standard subject to this subsection shall comply with all applicable laws.

(b) [If an insurer has adopted an underwriting standard that requires a deductible equal to a percentage of the “Coverage A – Dwelling Limit” of the policy in the case of a hurricane or other storm, the deductible may only be applicable] **AN INSURER MAY ADOPT AN UNDERWRITING STANDARD THAT REQUIRES A DEDUCTIBLE EQUAL TO A PERCENTAGE OF THE “COVERAGE A – DWELLING LIMIT” OF THE POLICY FOR DIRECT PHYSICAL LOSS CAUSED BY THE PERIL OF WINDSTORM OR HAIL DURING THE PERIOD OF A HURRICANE WARNING IF THE DEDUCTIBLE APPLIES:**

(1) ONLY beginning at the time the National Hurricane Center of the National Weather Service issues a hurricane warning for any part of the State [where the insured’s home is located] and ending 24 hours following the termination of the last hurricane warning issued for any part of the State[in which the insured’s home is located]; **AND**

(2) REGARDLESS OF WHERE THE INSURED’S HOME IS LOCATED IN THE STATE.

(c) (1) An insurer that has adopted an underwriting standard that requires a deductible equal to a percentage of the “Coverage A – Dwelling Limit” of the policy in the case of a hurricane [or other storm] shall provide a policyholder with an annual statement explaining the manner in which the deductible is applied.

(2) The insurer shall send a copy of the form used to provide the notice required under paragraph (1) of this subsection to the Commissioner **FOR INFORMATION** prior to its use.

(d) The Commissioner may adopt regulations to implement the provisions of this section.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all policies of homeowner’s insurance issued, delivered, or renewed in the State on or after October 1, 2014.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2014.