

# HOUSE BILL 684

C4

5l2399  
CF 5l1632

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By: **Delegate Jameson**

Introduced and read first time: February 12, 2015

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Homeowner's Insurance – Underwriting Standards – Deductibles**

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

23 BY repealing and reenacting, with amendments,  
24 Article – Insurance  
25 Section 19–209  
26 Annotated Code of Maryland  
27 (2011 Replacement Volume and 2014 Supplement)

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



## 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

1 standard establishing a deductible at the percentage indicated in the filing within 60 days  
2 after the filing of the underwriting standard.

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

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

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

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

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

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

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

28 **SECTION 2. AND BE IT FURTHER ENACTED,** That this Act shall apply to all  
29 policies of homeowner’s insurance issued, delivered, or renewed in the State on or after  
30 October 1, 2015.

31 **SECTION 3. AND BE IT FURTHER ENACTED,** That this Act shall take effect  
32 October 1, 2015.