

# HOUSE BILL 395

C4

6lr0724

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By: **Delegates Lafferty, Brooks, Carey, and Glenn**

Introduced and read first time: January 28, 2016

Assigned to: Economic Matters

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Committee Report: Favorable

House action: Adopted

Read second time: February 17, 2016

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Joint Insurance Association – Insurers – Notice**

3 FOR the purpose of requiring certain insurers that deny certain coverage or that cancel or  
4 nonrenew certain policies or contracts for essential property insurance or  
5 homeowner’s insurance to provide notice to applicants or insureds of the possible  
6 availability of certain insurance coverage through the Joint Insurance Association  
7 under a certain provision of law or through a certain plan; providing for the content  
8 and manner of providing the notice; providing for the application of this Act; and  
9 generally relating to essential property insurance and homeowner’s insurance.

10 BY adding to

11 Article – Insurance

12 Section 19–117

13 Annotated Code of Maryland

14 (2011 Replacement Volume and 2015 Supplement)

15 BY repealing and reenacting, without amendments,

16 Article – Insurance

17 Section 25–406, 27–602(a) and (b), and 27–603(a) and (b)

18 Annotated Code of Maryland

19 (2011 Replacement Volume and 2015 Supplement)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

21 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.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



## Article – Insurance

1  
2 19–117.

3 (A) THIS SECTION APPLIES TO POLICIES AND CONTRACTS OF ESSENTIAL  
4 PROPERTY INSURANCE OR HOMEOWNER’S INSURANCE AS THOSE TERMS ARE  
5 DEFINED IN § 25–401 OF THIS ARTICLE.

6 (B) AN INSURER THAT DENIES ALL THE COVERAGE REQUESTED BY AN  
7 APPLICANT FOR A POLICY OR CONTRACT SUBJECT TO THIS SECTION, OR THAT  
8 CANCELS OR NONRENEWS A POLICY OR CONTRACT SUBJECT TO THIS SECTION,  
9 SHALL PROVIDE NOTICE TO THE APPLICANT OR INSURED OF THE POSSIBLE  
10 AVAILABILITY OF ESSENTIAL PROPERTY INSURANCE OR HOMEOWNER’S INSURANCE  
11 THROUGH THE JOINT INSURANCE ASSOCIATION UNDER § 25–406 OF THIS ARTICLE  
12 OR THROUGH ANOTHER PLAN FOR WHICH THE APPLICANT OR INSURED MAY BE  
13 ELIGIBLE.

14 (C) (1) THE NOTICE REQUIRED BY SUBSECTION (B) OF THIS SECTION  
15 SHALL:

16 (I) BE IN WRITING;

17 (II) CONTAIN THE CURRENT ADDRESS, TELEPHONE NUMBER,  
18 AND WEB SITE OF THE JOINT INSURANCE ASSOCIATION; AND

19 (III) BE SENT TO THE APPLICANT OR THE INSURED AT THE LAST  
20 KNOWN ADDRESS IN THE SAME MANNER AND AT THE SAME TIME AS THE DENIAL OF  
21 COVERAGE, CANCELLATION, OR NONRENEWAL.

22 (2) THE NOTICE MAY BE PROVIDED IN PHYSICAL OR ELECTRONIC  
23 FORM.

24 (3) A NOTICE PROVIDED UNDER § 27–602(B) OR § 27–603(B) OF THIS  
25 ARTICLE SATISFIES THE REQUIREMENT OF THIS SECTION.

26 (D) IN THE CASE OF AN APPLICANT WHO APPLIES TO MULTIPLE INSURERS  
27 THROUGH A SINGLE INSURANCE PRODUCER, THE REQUIREMENT OF THIS SECTION  
28 MAY BE SATISFIED BY A SINGLE NOTICE TO THE APPLICANT FROM THE INSURANCE  
29 PRODUCER ON BEHALF OF ALL THE INSURERS.

30 25–406.

1 A person with an insurable interest in real or tangible personal property at a fixed  
2 location may apply to the Association for essential property insurance or homeowner's  
3 insurance if the person has been:

4 (1) unable to obtain essential property insurance or homeowner's  
5 insurance;

6 (2) able to obtain essential property insurance or homeowner's insurance  
7 only after application under § 11-210 or § 11-311 of this article; or

8 (3) able to obtain only partial coverage for the value of the property.

9 27-602.

10 (a) (1) This section applies only to policies of:

11 (i) personal insurance; and

12 (ii) homeowner's insurance under which a onetime guaranteed fully  
13 refundable deposit is required for a stated amount of coverage.

14 (2) This section does not apply to policies in effect for 45 days or less, as  
15 provided in § 12-106 of this article.

16 (b) (1) Whenever an insurer, as required by subsection (c) of this section, gives  
17 notice of its intention to cancel or not to renew a policy subject to this section issued in the  
18 State or before an insurer cancels a policy subject to this section issued in the State for a  
19 reason other than nonpayment of premium, the insurer shall notify the insured of the  
20 possible right of the insured to replace the insurance under the Maryland Property  
21 Insurance Availability Act or through another plan for which the insured may be eligible.

22 (2) The notice required by paragraph (1) of this subsection must:

23 (i) be in writing;

24 (ii) contain the current address and telephone number of the offices  
25 of the appropriate plan; and

26 (iii) be sent to the named insured at the named insured's last known  
27 address in the same manner and at the same time as the first written notice of cancellation  
28 or of intention not to renew given or required by law, regulation, or contract.

29 27-603.

30 (a) (1) This section applies only to policies of commercial insurance.

31 (2) This section does not apply to:

1 (i) policies in effect for 45 days or less, as provided in § 12–106 of  
2 this article; or

3 (ii) policies issued to exempt commercial policyholders under §  
4 11–206 of this article, if the policies provide for written notice of not less than 30 days of  
5 the insurer’s intent to cancel or nonrenew.

6 (b) (1) Whenever an insurer, as required by subsection (c) of this section, gives  
7 notice of its intention to cancel or not to renew a policy issued in this State for a reason  
8 other than nonpayment of premium, the insurer shall notify the insured of the possible  
9 right to replace the insurance under the Maryland Property Insurance Availability Act,  
10 through the Maryland Automobile Insurance Fund, or through another plan for which the  
11 insured may be eligible.

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

13 (i) be in writing;

14 (ii) if applicable, include the current address and telephone number  
15 of the offices of the Joint Insurance Association, the Maryland Automobile Insurance Fund,  
16 or other appropriate plan; and

17 (iii) be sent to the insured in the same manner and at the same time  
18 as the first written notice of cancellation or of intention not to renew that is given or  
19 required by law, regulation, or contract.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all  
21 policies and contracts of essential property insurance and homeowner’s insurance issued,  
22 delivered, or renewed in the State on or after October 1, 2016.

23 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
24 October 1, 2016.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.