

**HB0557/753993/1**

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL 557

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 3, after the first “of” insert “authorizing an insurer to issue a policy of homeowner’s insurance that includes a certain deductible, subject to certain limitations; authorizing the insurer to require a certain deductible in a policy of homeowner’s insurance or to offer a certain deductible as an option; requiring an insurer that has adopted a certain underwriting standard to apply a certain deductible only during a certain period of time and regardless of where the insured’s home is located in the State;”; strike beginning with “for” in line 7 down through “information” in line 8; strike beginning with “authorizing” in line 16 down through “State;” in line 19 and substitute “altering certain requirements relating to an annual statement that must be provided to a policyholder; requiring a certain insurer, under certain circumstances, to provide an insured with a certain statement about a certain deductible at certain times; requiring a certain statement to include certain information; authorizing a certain example required to be included in a certain statement to be provided in a certain manner; authorizing a certain insurer to satisfy certain notice requirements in a certain manner;”; in line 20, strike “for information”; in line 21, after “Act;” insert “providing for a delayed effective date;”; and after line 27, insert:

“BY adding to

Article - Insurance

Section 19-209.1

Annotated Code of Maryland

(2011 Replacement Volume and 2015 Supplement)”.

AMENDMENT NO. 2

On page 2, after line 2, insert:

(Over)

“(A) (1) SUBJECT TO SUBSECTIONS (B), (C), AND (D) OF THIS SECTION, AN INSURER MAY ISSUE A POLICY OF HOMEOWNER’S INSURANCE THAT INCLUDES A DEDUCTIBLE THAT IS EQUAL TO A PERCENTAGE OF THE “COVERAGE A - DWELLING LIMIT” OF THE POLICY.

(2) THE INSURER MAY:

(I) REQUIRE THE DEDUCTIBLE DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION IN A POLICY OF THE HOMEOWNER’S INSURANCE; OR

(II) OFFER THE DEDUCTIBLE DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION AS AN OPTION TO AN APPLICANT OR INSURED.

(B) AN INSURER THAT HAS ADOPTED AN UNDERWRITING STANDARD THAT REQUIRES A MANDATORY HURRICANE DEDUCTIBLE EQUAL TO A PERCENTAGE OF THE “COVERAGE A - DWELLING LIMIT” OF THE POLICY SHALL APPLY THE DEDUCTIBLE:

(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 AND ENDING 24 HOURS FOLLOWING THE TERMINATION OF THE LAST HURRICANE WARNING ISSUED FOR ANY PART OF THE STATE; AND

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

in line 3, strike “(a)” and substitute “(C)”; in line 6, strike “for”; and in line 7, strike “INFORMATION”.

On page 3, strike in their entirety lines 5 through 18, inclusive; in line 19, strike “(c)” and substitute “**(D)**”; in the same line, after the first “that” insert “**ISSUES A POLICY OF HOMEOWNER’S INSURANCE THAT INCLUDES A DEDUCTIBLE THAT IS EQUAL TO A PERCENTAGE OF THE “COVERAGE A - DWELLING LIMIT” OF THE POLICY OR**”; in the same line, after “a” insert “**MANDATORY HURRICANE**”; strike beginning with “in” in line 20 down through “hurricane” in line 21; in line 22, after “applied” insert “**IN ACCORDANCE WITH § 19-209.1 OF THIS SUBTITLE**”; in line 23, strike “notice” and substitute “**STATEMENT**”; in line 24, strike “FOR INFORMATION”; in line 26, strike “(d)” and substitute “**(E)**”; after line 27, insert:

**“19-209.1.**

**(A) AN INSURER THAT ISSUES A POLICY OF HOMEOWNER’S INSURANCE THAT INCLUDES A DEDUCTIBLE THAT IS EQUAL TO A PERCENTAGE OF THE “COVERAGE A – DWELLING LIMIT” OF THE POLICY, OR HAS ADOPTED AN UNDERWRITING STANDARD THAT REQUIRES A MANDATORY HURRICANE DEDUCTIBLE EQUAL TO A PERCENTAGE OF THE “COVERAGE A - DWELLING LIMIT” OF THE POLICY, SHALL PROVIDE AN INSURED WITH A STATEMENT ABOUT THE DEDUCTIBLE AT THE TIME THE POLICY OF HOMEOWNER’S INSURANCE IS FIRST ISSUED AND AT EACH RENEWAL.**

**(B) (1) THE STATEMENT REQUIRED UNDER SUBSECTION (A) OF THIS SECTION SHALL:**

**(I) BE TITLED, IN AT LEAST 12 POINT TYPE, “PERCENTAGE DEDUCTIBLE NOTICE”;**

**(II) STATE THE ACTUAL PERCENTAGE OF THE PERCENTAGE DEDUCTIBLE;**

(Over)

(III) STATE THE CIRCUMSTANCES UNDER WHICH THE DEDUCTIBLE APPLIES;

(IV) INCLUDE AN EXAMPLE OF HOW THE DEDUCTIBLE APPLIES TO A LOSS; AND

(V) INCLUDE THE FOLLOWING STATEMENT, OR A SUBSTANTIALLY SIMILAR STATEMENT, IN AT LEAST 10 POINT TYPE:

“YOUR HOMEOWNER’S INSURANCE POLICY CONTAINS A PERCENTAGE DEDUCTIBLE, WHICH MEANS THAT YOUR DEDUCTIBLE FOR A COVERED LOSS WILL BE DETERMINED BY MULTIPLYING THE DOLLAR AMOUNT OF YOUR COVERAGE A - DWELLING LIMIT OF LIABILITY BY THIS PERCENTAGE UNDER THE FOLLOWING CIRCUMSTANCES: [INSERT EXPLANATION OF CIRCUMSTANCES UNDER WHICH A PERCENTAGE DEDUCTIBLE WOULD BE APPLIED]”.

(2) THE EXAMPLE REQUIRED UNDER PARAGRAPH (1)(IV) OF THIS SUBSECTION MAY BE PROVIDED IN THE FOLLOWING MANNER:

“IF, AT THE TIME OF A COVERED LOSS, A HOMEOWNER’S INSURANCE POLICY’S COVERAGE A - DWELLING LIMIT OF LIABILITY IS \$300,000 AND THE POLICY INCLUDES A 2% DEDUCTIBLE, THE POLICYHOLDER WILL BE RESPONSIBLE FOR PAYING A DEDUCTIBLE OF \$6,000 ON A CLAIM FOR A COVERED LOSS (\$300,000 x 2%). THIS MEANS THAT, FOR EXAMPLE:

IF THE COVERED LOSS TO THE DWELLING IS \$25,000 AND THE COVERED LOSS TO PERSONAL PROPERTY IS \$10,000 FOR A TOTAL COVERED LOSS OF \$35,000, THE POLICYHOLDER IS RESPONSIBLE FOR PAYING A \$6,000

DEDUCTIBLE AND THE INSURER IS RESPONSIBLE FOR THE BALANCE OF THE COVERED LOSS, OR \$29,000.

IF THE COVERED LOSS TO THE DWELLING IS \$5,000, THE POLICYHOLDER IS RESPONSIBLE FOR PAYING THE ENTIRE COVERED LOSS BECAUSE THE TOTAL AMOUNT OF THE COVERED LOSS IS LESS THAN THE PERCENTAGE DEDUCTIBLE, WHICH IS \$6,000.”.

(C) (1) AN INSURER MAY SATISFY THE REQUIREMENTS OF SUBSECTION (B) OF THIS SECTION IF, ON THE DECLARATIONS PAGE OF THE POLICY OF HOMEOWNER’S INSURANCE OR IN A SEPARATE STATEMENT, THE INSURER STATES:

(I) THE ACTUAL PERCENTAGE OF THE PERCENTAGE DEDUCTIBLE;

(II) THE DOLLAR AMOUNT OF THE PERCENTAGE DEDUCTIBLE AS IT RELATES TO THE POLICY OF HOMEOWNER’S INSURANCE; AND

(III) THE CIRCUMSTANCES UNDER WHICH THE DEDUCTIBLE APPLIES.

(2) THE STATEMENT SHALL BE TITLED, IN AT LEAST 12 POINT TYPE, “PERCENTAGE DEDUCTIBLE NOTICE”.”;

and in lines 30 and 32, in each instance, strike “October 1, 2016” and substitute “January 1, 2017”.