

MARYLAND REGISTER

Proposed Action on Regulations

Transmittal Sheet PROPOSED OR REPROPOSED Actions on Regulations	Date Filed with AELR Committee	TO BE COMPLETED BY DSD
	07/25/2017	Date Filed with Division of State Documents
		Document Number
		Date of Publication in MD Register

1. Desired date of publication in Maryland Register: 9/1/2017

2. COMAR Codification

Title Subtitle Chapter Regulation

31 08 14 03

31 08 18 01-.03

31 15 10 04

3. Name of Promulgating Authority

Maryland Insurance Administration

4. Name of Regulations Coordinator

Lisa M Larson

Telephone Number

410-468-2007

Mailing Address

200 St. Paul Pl., Ste. 2700

City State Zip Code

Baltimore MD 21202

Email

lisa.larson@maryland.gov

5. Name of Person to Call About this Document

Lisa Larson

Telephone No.

410-468-2007

Email Address

lisa.larson@maryland.gov

6. Check applicable items:

- New Regulations

- Amendments to Existing Regulations

Date when existing text was downloaded from COMAR online: 07/10/2017.

Repeal of Existing Regulations

Recodification

Incorporation by Reference of Documents Requiring DSD Approval

Reproposal of Substantively Different Text:

: Md. R

(vol.) (issue) (page nos) (date)

Under Maryland Register docket no.: --P.

7. Is there emergency text which is identical to this proposal:

Yes - No

8. Incorporation by Reference

Check if applicable: Incorporation by Reference (IBR) approval form(s) attached and 18 copies of documents proposed for incorporation submitted to DSD. (Submit 18 paper copies of IBR document to DSD and one copy to AELR.)

9. Public Body - Open Meeting

OPTIONAL - If promulgating authority is a public body, check to include a sentence in the Notice of Proposed Action that proposed action was considered at an open meeting held pursuant to General Provisions Article, §3-302(c), Annotated Code of Maryland.

OPTIONAL - If promulgating authority is a public body, check to include a paragraph that final action will be considered at an open meeting.

10. Children's Environmental Health and Protection

Check if the system should send a copy of the proposal to the Children's Environmental Health and Protection Advisory Council.

11. Certificate of Authorized Officer

I certify that the attached document is in compliance with the Administrative Procedure Act. I also certify that the attached text has been approved for legality by Philip Pierson, Assistant Attorney General, (telephone #410-468-2016) on 7/18/17. A written copy of the approval is on file at this agency.

Name of Authorized Officer

Alfred W. Redmer, Jr.

Title

Insurance Commissioner

Telephone No.

410-468-2090

Date

7/25/17

Title 31

MARYLAND INSURANCE ADMINISTRATION

Subtitle 08 PROPERTY AND CASUALTY INSURANCE

31.08.14 Coverage for Loss Caused by Water That Backs Up Through Sewers or Drains

Subtitle 08 PROPERTY AND CASUALTY INSURANCE

31.08.18 Homeowner's Insurance Notice

Subtitle 15 UNFAIR TRADE PRACTICES

31.15.10 Homeowner's Insurance and Private Passenger Motor Vehicle Insurance — Standards for Cancellation and Nonrenewal

Authority: See attached

Notice of Proposed Action

□

The Insurance Commissioner proposes to amend Regulation .03 under COMAR 31.08.14 Coverage for Loss Caused by Water That Backs Up Through Sewers or Drains; proposed new regulations .01-.03 under a new chapter COMAR 31.08.18 Homeowner's Insurance Notice; amend Regulation .04 under COMAR 31.15.10 Homeowner's Insurance and Private Passenger Motor Vehicle Insurance -- Standards for Cancellation and Nonrenewal.

Statement of Purpose

The purpose of this action is to amend Regulation .03 under COMAR 31.08.14 Coverage for Loss Caused by Water That Backs Up Through Sewers or Drains to add a qualification that the notice required by this Regulation can be met by using the newly created form that will be found at COMAR 31.08.18. To adopt Regulations .01-.03 under a new Chapter 18 under COMAR 31.08 Property and Casualty Insurance to provide the new form that insurers may use to meet the homeowner's insurance notice requirement. During the 2017 session, Chapter 123 of the Acts of 2017 passed which allows insurers to meet the requirements of several Insurance Article Sections, 19-202, 19-210, 19-214, 19-216, and 27-501(n)(2), Annotated Code of Maryland, by using the newly adopted form. To amend Regulation .04 of COMAR 31.15.10 Homeowner's Insurance and Private Passenger Motor Vehicle Insurance -- Standards for Cancellation and Nonrenewal to allow insurers to meet the disclosure required by this regulation by using the newly created form that will be found at COMAR 31.08.18.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

The proposed action has no economic impact.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Lisa Larson, Regulations Manager, Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, MD 21202, or call 410-468-2007, or email to insurancereview.mia@maryland.gov, or fax to 410-468-2020. Comments will be accepted through October 1, 2017. A public hearing has not been scheduled.

Economic Impact Statement Part C

A. Fiscal Year in which regulations will become effective: FY 18

B. Does the budget for the fiscal year in which regulations become effective contain funds to implement the regulations?

No

C. If 'yes', state whether general, special (exact name), or federal funds will be used:

D. If 'no', identify the source(s) of funds necessary for implementation of these regulations:

No additional funds will be necessary to implement these Regulations.

E. If these regulations have no economic impact under Part A, indicate reason briefly:

No additional funds will be necessary to implement these Regulations.

F. If these regulations have minimal or no economic impact on small businesses under Part B, indicate the reason and attach small business worksheet.

These changes are administrative and therefore shouldn't cost companies more to comply with them.

G. Small Business Worksheet:

Title 31 MARYLAND INSURANCE ADMINISTRATION

Subtitle 08 PROPERTY AND CASUALTY INSURANCE

Chapter 14 Coverage for Loss Caused by Water That Backs Up Through Sewers or Drains

Authority: Insurance Article, §§2-109 [and] 19-202, and 19-216(d), Annotated Code of Maryland

.03 Offer of Coverage.

A. - C. (text unchanged)

D. *The offer of coverage required by §A of this regulation may be met by using the form found in COMAR 31.08.18.02.*

Subtitle 08 PROPERTY AND CASUALTY INSURANCE

Chapter 18 Homeowner's Insurance Notice

Authority: Insurance Article, §19-216, Annotated Code of Maryland

.01 Purpose.

The purpose of this chapter is to provide the form that insurers may use to comply with the requirements of Insurance Article, §§ 19-202, 19-205(a)(4)(vii), 19-210(f), 19-214(a), 19-216, and 27-501(n)(2), Annotated Code of Maryland.

.02 Homeowner's Insurance Notice -- Form.

The form to be used to comply with this chapter shall read as follows:

.03 No Private Cause of Action.

This chapter does not create a private cause of action for a violation of this chapter.

Subtitle 15 UNFAIR TRADE PRACTICES

Chapter 10 Homeowner's Insurance and Private Passenger Motor Vehicle Insurance — Standards for Cancellation and Nonrenewal

Authority: Insurance Article, §§2-109, 19-216(d), and 27-501, Annotated Code of Maryland

.04 Action Based on Claims History.

A. – D. (text unchanged)

E. *The disclosure required by §§B and D of this regulation may be met by using the form found in COMAR 31.08.18.02.*

YOUR HOMEOWNER’S INSURANCE IMPORTANT INFORMATION YOU SHOULD KNOW

A homeowner’s insurance policy is a legal contract. You should always read your policy because your policy controls what is and what is not covered. This notice provides certain information about typical provisions that **MAY** be part of your homeowner’s insurance policy. **This notice is not your policy, does not give you any new or additional rights beyond those expressly stated in your policy, and does not alter your policy in any way.** Your “Producer” is your insurance agent or broker. Your producer or insurance company may be in the best position to answer specific questions about your policy and your eligibility for coverage. The Maryland Insurance Administration is the State agency that oversees the insurance industry in Maryland and provides useful information such as

“A Consumer Guide to Homeowners Insurance” available at:

<http://insurance.maryland.gov/Consumer/Documents/publications/homeownersinsguide.pdf>.

For questions or more information, you may contact the Maryland Insurance Administration at www.insurance.maryland.gov or by phone at 410-468-2000 or by mail at 200 Saint Paul Place, Suite 2700, Baltimore, MD 21202.

THINGS YOU NEED TO KNOW ABOUT YOUR INSURANCE POLICY

Notice	Policy Reference
Flood	The standard homeowner’s insurance policy does not cover loss caused by flood. Ask your producer (who is your agent or broker) or your insurance company about flood coverage. Visit the National Flood Insurance Program (“NFIP”) at www.floodsmart.gov or by phone 888-379-9531 to learn more.
Coverage for Loss from Water that Backs up Through Sewers and Drains	Insurance companies are required to offer you this coverage for your full policy limits. You have a choice to purchase this coverage. You may choose lower limits if available from your insurance company. Contact your producer or your insurance company for additional information and costs.
Deductibles	All policies include a deductible. The deductible is the amount you are responsible for on a covered loss. The deductible can be a fixed dollar amount or it can be a percentage (%) of your dwelling coverage limits. Some policies may include separate deductibles for perils such as hurricanes, named storms, wind or hail. Contact your producer or your insurance company if you have questions about deductibles.
Storm Loss Protective Device Discount	You may receive a premium discount for your efforts to reduce the risk of loss from hurricanes or other storms. Examples are the installation of qualifying shutters, secondary water barriers, reinforced roof coverings, braced gable ends, tie downs, and reinforced opening protections. For more details, contact your producer or insurance company.
Claims History	In addition to any other allowable reasons, an insurance company may cancel or refuse to renew your policy based: <ol style="list-style-type: none"> 1) on the number of non-weather related claims you have

YOUR HOMEOWNER'S INSURANCE IMPORTANT INFORMATION YOU SHOULD KNOW

	<p>within the three years of your policy renewal; or</p> <p>2) on three or more weather related claims filed within the three years of your policy renewal; or</p> <p>3) on one or more weather related claim within three years of the policy renewal if the insurance company gave you written notice for reasonable and customary repairs or replacement to the dwelling that you failed to make and that the loss could have been prevented if the repairs were made.</p>
Increased Hazard	Your policy may also be canceled or non-renewed if there is a change in the physical condition or contents of your premises or dwelling that increases a hazard and a chance of loss. This means that if your insurance company had known about the hazard, the insurance company would not have issued the policy.
Anti-Concurrent Causation	<i>See Anti Concurrent Causation Notice for details.</i>
Summary of Coverage	<i>See Summary of Coverage Notice for details.</i>
Optional Coverages	<i>See Optional Coverage Notice for details.</i>

For further details or explanations of any of your policy coverages or exclusions or specific provisions, please contact your producer or your insurance company. If you need more information about homeowner's insurance, visit the Maryland Insurance Administration website at www.insurance.maryland.gov.