
By: Delegates Love, M. Burns, and Rzepkowski

Rules suspended

Introduced and read first time: March 12, 1997

Assigned to: Rules and Executive Nominations

Re-referred to: Economic Matters, March 17, 1997

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 28, 1997

CHAPTER _____

1 AN ACT concerning

2 Homeowner's Insurance - Covered Property Loss - Repair or Replacement Costs

3 FOR the purpose of requiring an insurer that issues a policy or contract of homeowner's
4 insurance that contains a certain provision that the insurer will pay the cost to
5 repair or replace the damaged part of a building or other structure as settlement of
6 a claim for covered property loss ~~may not be issued unless the policy or contract also~~
7 ~~provides that the insurer will pay certain other costs associated with the damage or~~
8 ~~loss to pay certain costs associated with the damage or loss to restore the value of~~
9 the building or structure to its replacement value; requiring the Maryland Insurance
10 Commissioner to adopt regulations to implement the provisions of this Act;
11 providing for the application of this Act; and generally relating to repair or
12 replacement costs for a covered property loss in homeowner's insurance.

13 BY adding to

14 Article - Insurance

15 Section 19-204

16 Annotated Code of Maryland

17 (1996 Volume)

18 (As enacted by Chapter 11 of the Acts of the General Assembly of 1996)

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

2

1 **Article - Insurance**

2 19-204.

3 AN INSURER THAT ISSUES A POLICY OR CONTRACT OF HOMEOWNER'S
4 INSURANCE THAT CONTAINS A PROVISION THAT THE INSURER WILL PAY THE COST
5 TO REPAIR OR REPLACE THE DAMAGED PART OF A BUILDING OR OTHER
6 STRUCTURE AS SETTLEMENT OF A CLAIM FOR COVERED PROPERTY LOSS ~~MAY NOT~~
7 ~~BE ISSUED UNLESS THE POLICY OR CONTRACT ALSO PROVIDES THAT THE INSURER~~
8 ~~WILL PAY COSTS ASSOCIATED WITH THE DAMAGE OR LOSS THAT WILL CAUSE THE~~
9 ~~FAIR MARKET VALUE OF THE BUILDING OR OTHER STRUCTURE AFTER THE REPAIR~~
10 ~~OR REPLACEMENT TO BE NO LESS THAN THE FAIR MARKET VALUE BEFORE THE~~
11 ~~LOSS OR DAMAGE~~ SHALL PAY THE COSTS ASSOCIATED WITH THE DAMAGE OR LOSS
12 THAT AS NEARLY AS POSSIBLE WILL RESTORE THE VALUE OF THE BUILDING OR
13 STRUCTURE TO ITS REPLACEMENT VALUE.

14 SECTION 2. AND BE IT FURTHER ENACTED, That the Maryland Insurance
15 Commissioner shall adopt regulations to implement the provisions of this Act.

16 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be construed
17 retroactively and shall be applied to and interpreted to affect claims for damage or loss
18 that occurred on or after November 1, 1996.

19 SECTION ~~3.~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 October 1, 1997.