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**By: Senator Munson**

Requested: June 26, 1996

Introduced and read first time: January 8, 1997

Assigned to: Judicial Proceedings

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 26, 1997

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Lead Paint - Insurance - Definition of Affected Property**

3 FOR the purpose of altering the definition of "affected property" in provisions of the  
4 insurance law relating to lead ~~paint hazards~~; hazard coverage for certain rental  
5 property; defining a certain term; providing for the application of this Act;  
6 providing for the effective dates of this Act; and generally relating to the definition  
7 of affected property.

8 BY repealing and reenacting, with amendments,  
9 Article 48A - Insurance Code  
10 Section 734  
11 Annotated Code of Maryland  
12 (1994 Replacement Volume and 1996 Supplement)

13 BY repealing and reenacting, with amendments,  
14 Article - Insurance  
15 Section 19-701(b)  
16 Annotated Code of Maryland  
17 (1996 Volume)  
18 (As enacted by Chapter 11 of the Acts of the General Assembly of 1996)

19 BY adding to  
20 Article - Insurance  
21 Section 19-701(d)  
22 Annotated Code of Maryland  
23 (1996 Volume)

2

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

2 BY repealing and reenacting, without amendments,

3 Article - Insurance

4 Section 19-704(d)

5 Annotated Code of Maryland

6 (1996 Volume)

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

8 BY repealing and reenacting, without amendments,

9 Article - Environment

10 Section 6-801(b) and (t) and 6-803

11 Annotated Code of Maryland

12 (1996 Replacement Volume and 1996 Supplement)

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

15 **Article 48A - Insurance Code**

16 734.

17 (a) In this subtitle the following words have the meanings indicated.

18 (b) "Administration" means the Maryland Insurance Administration.

19 (c) (1) "Affected property" means [a property that contains at least one rental  
20 dwelling unit.];

21 (I) 1. A RESIDENTIAL RENTAL PROPERTY CONSTRUCTED  
22 BEFORE 1950 THAT CONTAINS NOT MORE THAN ONE RENTAL DWELLING UNIT; OR

23 2. A RESIDENTIAL RENTAL PROPERTY THAT CONTAINS NOT  
24 MORE THAN ONE RENTAL DWELLING UNIT FOR WHICH THE OWNER MAKES AN  
25 ELECTION UNDER § 6-803(A)(2) OF THE ENVIRONMENT ARTICLE; OR

26 (II) AN INDIVIDUAL RENTAL DWELLING UNIT WITHIN:

27 1. A RESIDENTIAL RENTAL PROPERTY CONSTRUCTED  
28 BEFORE 1950 THAT CONTAINS MORE THAN ONE RENTAL DWELLING UNIT; OR

29 2. A RESIDENTIAL RENTAL PROPERTY THAT CONTAINS  
30 MORE THAN ONE RENTAL DWELLING UNIT FOR WHICH THE OWNER MAKES AN  
31 ELECTION UNDER § 6-803(A)(2) OF THE ENVIRONMENT ARTICLE.

32 (2) "AFFECTED PROPERTY" DOES NOT INCLUDE PROPERTY EXEMPTED  
33 UNDER § 6-803(B) OF THE ENVIRONMENT ARTICLE.

34 (d) "Authorized insurer" means an insurer that:

35 (1) Holds a certificate of authority in the State;

1 (2) Issues or issues for delivery in the State third party bodily injury liability  
2 insurance under:

3 (i) Homeowners' coverage;

4 (ii) Owners', landlords', and tenants' coverage; or

5 (iii) Other premises liability coverage; and

6 (3) Is subject to regulation by the Maryland Insurance Administration.

7 (e) (1) "Department" means the Department of the Environment.

8 (2) "Department" includes a designee of the Secretary of the Environment.

9 (f) "Owner" has the meaning stated in § 6-801(o) of the Environment Article.

10 (G) "RENTAL DWELLING UNIT" HAS THE MEANING STATED IN § 6-801(T) OF  
11 THE ENVIRONMENT ARTICLE.

12 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
13 read as follows:

14 **Article - Insurance**

15 19-701.

16 (b) (1) "Affected property" means [a property with at least one rental dwelling  
17 unit];

18 (I) 1. A RESIDENTIAL RENTAL PROPERTY CONSTRUCTED  
19 BEFORE 1950 THAT CONTAINS NOT MORE THAN ONE RENTAL DWELLING UNIT; OR

20 2. A RESIDENTIAL RENTAL PROPERTY THAT CONTAINS NOT  
21 MORE THAN ONE RENTAL DWELLING UNIT FOR WHICH THE OWNER MAKES AN  
22 ELECTION UNDER § 6-803(A)(2) OF THE ENVIRONMENT ARTICLE; OR

23 (II) AN INDIVIDUAL RENTAL DWELLING UNIT WITHIN:

24 (1) 1. A RESIDENTIAL RENTAL PROPERTY CONSTRUCTED  
25 BEFORE 1950 THAT CONTAINS AT LEAST MORE THAN ONE RENTAL DWELLING UNIT;  
26 OR

27 (2) 2. A RESIDENTIAL RENTAL PROPERTY THAT CONTAINS  
28 MORE THAN ONE RENTAL DWELLING UNIT FOR WHICH THE OWNER MAKES AN  
29 ELECTION UNDER § 6-803(A)(2) OF THE ENVIRONMENT ARTICLE.

30 (2) "AFFECTED PROPERTY" INCLUDES AN INDIVIDUAL RENTAL  
31 DWELLING UNIT WITHIN A MULTIFAMILY RENTAL DWELLING.

32 (2) "AFFECTED PROPERTY" DOES NOT INCLUDE PROPERTY  
33 EXEMPTED UNDER § 6-803(B) OF THE ENVIRONMENT ARTICLE.

34 (D) "RENTAL DWELLING UNIT" HAS THE MEANING STATED IN § 6-801(T) OF  
35 THE ENVIRONMENT ARTICLE.

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1 19-704.

2 (d) If a policy issued or renewed by an authorized insurer on or after January 1,  
3 1995, for an affected property contains a lead hazard coverage exclusion, the authorized  
4 insurer shall waive the exclusion to the extent of a qualified offer made or to be made  
5 under Title 6, Subtitle 8, Part V of the Environment Article:

6 (1) if the owner of the affected property complies with Title 6, Subtitle 8,  
7 Part III of the Environment Article;

8 (2) if at the election of the insured, and whether or not a change in  
9 occupancy has occurred, the affected property:

10 (i) passes the test for lead-contaminated dust under § 6-816 of the  
11 Environment Article; or

12 (ii) has undergone the lead hazard reduction treatments and complies  
13 with the risk reduction standard under § 6-815(a)(2) of the Environment Article; and

14 (3) if the insured submits to the authorized insurer a current verified report  
15 completed by an accredited inspector under § 6-818 of the Environment Article certifying  
16 that the affected property complies with the standards set forth in item (2) of this  
17 subsection.

18 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
19 read as follows:

20 **Article - Environment**

21 6-801.

22 (b) (1) "Affected property" means:

23 (i) A property constructed before 1950 that contains at least one  
24 rental dwelling unit; or

25 (ii) Any residential rental property for which the owner makes an  
26 election under § 6-803(a)(2) of this subtitle.

27 (2) "Affected property" includes an individual rental dwelling unit within a  
28 multifamily rental dwelling.

29 (3) "Affected property" does not include property exempted under §  
30 6-803(b) of this subtitle.

31 (t) (1) "Rental dwelling unit" means a room or group of rooms that form a  
32 single independent habitable rental unit for permanent occupation by one or more  
33 individuals that has living facilities with permanent provisions for living, sleeping, eating,  
34 cooking, and sanitation.

35 (2) "Rental dwelling unit" does not include:

36 (i) An area not used for living, sleeping, eating, cooking, or sanitation,  
37 such as an unfinished basement;

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1 (ii) A unit within a hotel, motel, or similar seasonal or transient  
2 facility;

3 (iii) An area which is secured and inaccessible to occupants;

4 (iv) A common area which is not part of, or adjoining, a rental dwelling  
5 unit within a multifamily rental dwelling; or

6 (v) A unit which is not offered for rent.

7 6-803.

8 (a) This subtitle applies to:

9 (1) Affected property; and

10 (2) Notwithstanding subsection (b) of this section, any residential rental  
11 property, the owner of which elects to comply with this subtitle.

12 (b) This subtitle does not apply to:

13 (1) Property not expressly covered in subsection (a) of this section;

14 (2) Affected property owned or operated by a unit of federal, State, or local  
15 government, or any public, quasi-public, or municipal corporation, if the affected  
16 property is subject to lead standards that are equal to, or more stringent than, the risk  
17 reduction standard established under § 6-815 of this subtitle; or

18 (3) Affected property which is certified to be lead-free pursuant to § 6-804  
19 of this subtitle.

20 SECTION ~~2- 4~~. AND BE IT FURTHER ENACTED, That this Act shall ~~be~~  
21 ~~construed to effect~~ apply to a contract of insurance covering an affected property that is  
22 issued or renewed on or after ~~the effective date of this Act~~ June 1, 1997.

23 SECTION 5. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall  
24 take effect June 1, 1997, and remain in effect until October 1, 1997.

25 SECTION 6. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall  
26 take effect June 1, 1997.

27 SECTION ~~3- 7~~. AND BE IT FURTHER ENACTED, That Section 2 of this Act  
28 shall take effect October 1, 1997.