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**By: Senator Kasemeyer**

Introduced and read first time: January 30, 1997

Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2 **Home Inspectors - Required Insurance, Disclosure, and Limitations of Liability**

3 FOR the purpose of requiring home inspectors to maintain a current errors and omissions  
4 insurance policy in a certain amount; prohibiting a home inspector from limiting any  
5 liability arising out of the home inspection to any fee paid as consideration for the  
6 home inspection; requiring a home inspector to make certain disclosures regarding  
7 required insurance prior to making a home inspection; providing that a violation of  
8 this Act is an unfair and deceptive trade practice; defining certain terms; and  
9 generally relating to home inspectors.

10 BY adding to

11 Article - Commercial Law  
12 Section 14-2801 through 14-2805, inclusive, to be under the new subtitle "Subtitle  
13 28. Home Inspectors"  
14 Annotated Code of Maryland  
15 (1990 Replacement Volume and 1996 Supplement)

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

18 **Article - Commercial Law**

19 SUBTITLE 28. HOME INSPECTORS.

20 14-2801.

21 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
22 INDICATED.

23 (B) (1) "HOME INSPECTOR" MEANS A PERSON WHO, FOR COMPENSATION,  
24 CONDUCTS AN INSPECTION OF REAL PROPERTY IN CONNECTION WITH A  
25 RESIDENTIAL REAL ESTATE TRANSACTION OF ONE, TWO, THREE, OR FOUR  
26 SINGLE-FAMILY UNITS FOR THE PURPOSE OF DETERMINING THE AGE, SAFETY,  
27 STRUCTURAL SOUNDNESS, EXPECTED LIFE, OR VALUE OF REAL PROPERTY.

28 (2) "HOME INSPECTOR" DOES NOT INCLUDE ANY PERSON LICENSED  
29 UNDER THE BUSINESS OCCUPATIONS AND PROFESSIONS ARTICLE OR THE BUSINESS  
30 REGULATIONS ARTICLE

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1 (C) "PERSON" INCLUDES AN INDIVIDUAL, PARTNERSHIP, CORPORATION,  
2 TRUST ASSOCIATION, OWNER, OR OTHER LEGAL ENTITY.

3 (D) "REAL PROPERTY" INCLUDES ANY APPLIANCE, FIXTURE, ITEM OF  
4 EQUIPMENT, ELECTRICAL SYSTEM, HEATING, COOLING, OR VENTILATION SYSTEM,  
5 PLUMBING SYSTEM, OR LOAD-BEARING PORTION OF RESIDENTIAL REAL ESTATE.

6 14-2802.

7 A PERSON MAY NOT ACT AS A HOME INSPECTOR UNLESS THAT PERSON HAS A  
8 CURRENT POLICY OF INSURANCE FOR ERRORS AND OMISSIONS IN AN AMOUNT NOT  
9 LESS THAN \$10,000, ISSUED BY AN AUTHORIZED INSURER.

10 14-2803.

11 A CONTRACT FOR THE INSPECTION OF REAL PROPERTY BY A HOME  
12 INSPECTOR MAY NOT LIMIT LIABILITY OF THE HOME INSPECTOR ARISING OUT OF  
13 THE HOME INSPECTION TO ANY FEE PAID AS CONSIDERATION FOR THE HOME  
14 INSPECTION.

15 14-2804.

16 PRIOR TO MAKING A HOME INSPECTION, A HOME INSPECTOR SHALL:

17 (1) DISCLOSE IN WRITING TO A PROSPECTIVE BUYER THAT STATE LAW  
18 REQUIRES A HOME INSPECTOR TO HAVE A CURRENT POLICY OF INSURANCE UNDER  
19 § 14-2802 OF THIS SUBTITLE; AND

20 (2) PROVIDE TO A PROSPECTIVE BUYER:

21 (I) THE NAME, ADDRESS, AND TELEPHONE NUMBER OF THE  
22 INSURER PROVIDING THE POLICY REQUIRED UNDER § 14-2802 OF THIS SUBTITLE;  
23 AND

24 (II) THE POLICY NUMBER OF THE POLICY REQUIRED UNDER §  
25 14-2802 OF THIS SUBTITLE.

26 14-2805.

27 IN ADDITION TO ANY OTHER REMEDIES OTHERWISE AVAILABLE AT LAW,  
28 VIOLATION OF THIS SUBTITLE IS AN UNFAIR AND DECEPTIVE TRADE PRACTICE  
29 WITHIN THE MEANING OF TITLE 13 OF THIS ARTICLE.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
31 October 1, 1997.