
By: ~~Delegates Minnick and Trueschler, Trueschler, Burns, Conroy, D. Davis, Feldman, Fulton, Haddaway, Harrison, Impallaria, Krebs, Krysiak, McHale, Moe, and Vaughn~~

Introduced and read first time: February 13, 2004
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: April 4, 2004

CHAPTER _____

1 AN ACT concerning

2 **Homeowner's Insurance ~~Policyholder Bill of Rights~~ - Offer and Summary of**
3 **Coverage**

4 FOR the purpose of requiring certain insurers to provide certain policyholders with
5 certain written statements that summarize certain coverages and exclusions;
6 requiring the statement to be sufficiently clear so that an individual of average
7 intelligence can identify the coverages and exclusions ~~without further inquiry~~;
8 describing the information that must be included in the statement; ~~requiring~~
9 ~~certain insurers to promptly notify certain claimants of certain information;~~
10 ~~prohibiting an insurer from requiring that certain claimants be present for more~~
11 ~~than a certain number of visits from certain adjusters or claims representatives;~~
12 ~~requiring that certain offers be in writing; requiring the Insurance~~
13 ~~Commissioner to adopt certain regulations; providing that the statement does~~
14 ~~not create a legal obligation on the part of an insurer; requiring certain~~
15 ~~insurance producers to provide certain applicants with a certain notice~~
16 ~~regarding flood insurance; requiring the notice to be in a certain form; requiring~~
17 ~~the notice to include certain information; requiring certain insurance producers~~
18 ~~to mail certain information to certain applicants; requiring certain insurance~~
19 ~~producers to provide certain itemized statements of certain coverages available~~
20 ~~from an insurer under certain circumstances; requiring certain information to~~
21 ~~be included in the statement; providing that the regulations include certain~~
22 ~~information and procedures; providing for the application of this Act; defining a~~
23 ~~certain term certain terms; providing for a delayed effective date; and generally~~
24 ~~relating to the Homeowner's Insurance Policyholder Bill of Rights~~ homeowner's
25 insurance.

1 BY adding to
2 Article - Insurance
3 Section 19-204 through 19-206
4 Annotated Code of Maryland
5 (2002 Replacement Volume and 2003 Supplement)

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

8 **Article - Insurance**

9 19-204.

10 (A) IN THIS SECTION, "INSURER" MEANS AN INSURER THAT ISSUES OR
11 DELIVERS A POLICY OF HOMEOWNER'S INSURANCE IN THE STATE.

12 (B) (1) AN INSURER SHALL PROVIDE A POLICYHOLDER WITH A STATEMENT
13 THAT SUMMARIZES THE COVERAGES AND EXCLUSIONS UNDER THE POLICY.

14 (2) THE INSURER'S STATEMENT MUST BE SUFFICIENTLY CLEAR SO
15 THAT AN INDIVIDUAL OF AVERAGE INTELLIGENCE CAN IDENTIFY THE COVERAGES
16 AND EXCLUSIONS UNDER THE POLICY ~~WITHOUT MAKING FURTHER INQUIRY.~~

17 (3) THE INSURER'S STATEMENT SHALL STATE WHETHER THE
18 COVERAGES UNDER THE POLICY PROVIDE FOR REPLACEMENT VALUE OR ACTUAL
19 CASH VALUE.

20 (4) THE INSURER'S STATEMENT SHALL INCLUDE A DISCLOSURE THAT
21 STATES THAT:

22 (I) THE POLICYHOLDER SHOULD READ THE POLICY FOR
23 COMPLETE INFORMATION ON COVERAGES AND EXCLUSIONS;

24 (II) THE POLICYHOLDER SHOULD REFER TO THE DECLARATIONS
25 PAGE FOR A SUMMARY OF COVERAGES PURCHASED;

26 (III) THE POLICYHOLDER SHOULD COMMUNICATE WITH THE
27 INSURANCE PRODUCER OR THE INSURER FOR ANY ADDITIONAL INFORMATION
28 REGARDING THE SCOPE OF COVERAGES IN THE POLICY;

29 (IV) THE STATEMENT DOES NOT INCLUDE ADD-ON COVERAGES
30 PURCHASED BY THE POLICYHOLDER, IF ANY; AND

31 (V) THE STATEMENT IS NOT PART OF THE POLICY AND DOES NOT
32 CREATE ANY LEGAL OBLIGATION ON THE PART OF THE INSURER.

33 (C) THE STATEMENT UNDER SUBSECTION (B) OF THIS SECTION DOES NOT
34 CREATE ANY LEGAL OBLIGATION ON THE PART OF AN INSURER.

1 (4) ~~THE INSURER'S STATEMENT SHALL BE PART OF THE POLICY.~~

2 (C) (1) ~~AN INSURER SHALL PROMPTLY NOTIFY THE POLICYHOLDER IN~~
3 ~~WRITING OF THE NAME AND CONTACT INFORMATION OF THE ADJUSTER ASSIGNED~~
4 ~~TO ASSESS DAMAGES FOR A LOSS CLAIMED UNDER A POLICY OF HOMEOWNER'S~~
5 ~~INSURANCE.~~

6 (2) ~~IF THE DAMAGES REQUIRE THE POLICYHOLDER TO VACATE THE~~
7 ~~INSURED PREMISES, THE INSURER SHALL SEND THE INFORMATION REQUIRED~~
8 ~~UNDER PARAGRAPH (1) OF THIS SUBSECTION TO THE ADDRESS DESIGNATED BY THE~~
9 ~~POLICYHOLDER.~~

10 (D) ~~AN INSURER MAY NOT REQUIRE A POLICYHOLDER TO BE PRESENT FOR~~
11 ~~MORE THAN TWO VISITS BY AN ADJUSTER OR OTHER CLAIMS REPRESENTATIVE TO~~
12 ~~ASSESS DAMAGE FOR A LOSS CLAIMED UNDER A POLICY OF HOMEOWNER'S~~
13 ~~INSURANCE.~~

14 (E) ~~AN OFFER TO SETTLE A CLAIM UNDER A POLICY OF HOMEOWNER'S~~
15 ~~INSURANCE SHALL BE IN WRITING.~~

16 (F) (1) ~~THE COMMISSIONER SHALL ADOPT REGULATIONS THAT PROVIDE~~
17 ~~FOR HOMEOWNER'S INSURANCE POLICY CLAIMS ESTIMATING PROCEDURES.~~

18 (2) ~~THE REGULATIONS SHALL:~~

19 (I) ~~PRESCRIBE THE QUALIFICATIONS OF AN INDIVIDUAL~~
20 ~~AUTHORIZED TO PREPARE A DAMAGE ESTIMATE;~~

21 (II) ~~PRESCRIBE THE AMOUNT OF DETAIL THAT MUST BE INCLUDED~~
22 ~~IN A DAMAGE ESTIMATE;~~

23 (III) ~~ESTABLISH PROCEDURES FOR THE PROMPT RESOLUTION OF~~
24 ~~DISCREPANCIES BETWEEN DAMAGE ESTIMATES;~~

25 (IV) ~~INCLUDE PROCEDURES THAT ALLOW FOR THE ESCALATION OF~~
26 ~~DAMAGE ESTIMATES IN COMMUNITIES WHERE THERE IS WIDESPREAD DAMAGE;~~

27 (V) ~~PROVIDE THAT BEFORE AN INSURER HAS COMPLETED THE~~
28 ~~INSPECTION OF AN INSURED PREMISES AND PROVIDED A WRITTEN NOTICE TO THE~~
29 ~~POLICYHOLDER TO COMMENCE MITIGATION, THE INSURER MAY NOT REQUIRE A~~
30 ~~POLICYHOLDER TO MITIGATE DAMAGES BY REMOVING DAMAGED CONTENTS OR~~
31 ~~DEMOLISHING THE INSURED PREMISES;~~

32 (VI) ~~PROHIBIT AN INSURER FROM REQUIRING A POLICYHOLDER TO~~
33 ~~ENGAGE IN DEMOLITION ACTIVITIES THAT ARE:~~

34 1. ~~CUSTOMARILY PERFORMED BY A CONTRACTOR; OR~~

35 2. ~~BEYOND THE PHYSICAL CAPACITY OF THE~~
36 ~~POLICYHOLDER; AND~~

1 ~~(VII) INCLUDE ANY OTHER PROVISION THAT THE COMMISSIONER~~
2 ~~DETERMINES TO BE NECESSARY TO ENSURE THE PROMPT AND FAIR RESOLUTION OF~~
3 ~~A CLAIM UNDER A POLICY OF HOMEOWNER'S INSURANCE.~~

4 19-205.

5 (A) AN INSURANCE PRODUCER THAT SELLS, SOLICITS, OR NEGOTIATES
6 HOMEOWNER'S INSURANCE IN THE STATE SHALL PROVIDE THE APPLICANT, AT THE
7 TIME A POLICY IS INITIALLY PURCHASED, WITH A WRITTEN NOTICE THAT STATES
8 THAT A STANDARD HOMEOWNER'S INSURANCE POLICY DOES NOT COVER LOSSES
9 FROM FLOOD.

10 (B) THE NOTICE SHALL STATE THAT FLOOD INSURANCE IS AVAILABLE
11 THROUGH THE NATIONAL FLOOD INSURANCE PROGRAM.

12 (C) (1) IF THE INSURANCE PRODUCER FROM WHOM AN APPLICANT
13 PROCURES HOMEOWNER'S INSURANCE SELLS FLOOD INSURANCE, THE INSURANCE
14 PRODUCER SHALL OFFER TO SELL FLOOD INSURANCE TO THE APPLICANT.

15 (2) AN OFFER TO SELL FLOOD INSURANCE SHALL:

16 (I) BE IN WRITING;

17 (II) STATE THAT THE COST OF FLOOD INSURANCE IS NOT PART OF
18 THE PREMIUM FOR THE STANDARD HOMEOWNER'S INSURANCE POLICY; AND

19 (III) STATE THE TYPE AND COST OF FLOOD INSURANCE COVERAGE
20 TO BE SOLD, INCLUDING:

21 1. COVERAGE FOR STRUCTURE; AND

22 2. COVERAGE FOR CONTENTS.

23 (D) (1) AN INSURANCE PRODUCER SHALL DELIVER TO THE APPLICANT THE
24 OFFER TO SELL FLOOD INSURANCE.

25 (2) THE OFFER TO SELL FLOOD INSURANCE SHALL INCLUDE A SPACE TO
26 INDICATE THE APPLICANT'S ACCEPTANCE OR REJECTION OF FLOOD INSURANCE.

27 (E) IF THE INSURANCE PRODUCER FROM WHOM THE APPLICANT PROCURES
28 HOMEOWNER'S INSURANCE DOES NOT SELL FLOOD INSURANCE, THE INSURANCE
29 PRODUCER SHALL FURNISH THE APPLICANT WITH THE CONTACT INFORMATION FOR
30 THE NATIONAL FLOOD INSURANCE PROGRAM.

31 19-206.

32 (A) IN THIS SECTION, "ADD-ON COVERAGE" MEANS COVERAGES OR SERVICES
33 SOLD IN CONNECTION WITH A STANDARD HOMEOWNER'S INSURANCE POLICY FOR
34 ADDITIONAL COVERAGES OFFERED BY AN INSURER.

1 (B) AT THE TIME AN INSURANCE PRODUCER INITIALLY SELLS, SOLICITS, OR
2 NEGOTIATES HOMEOWNER'S INSURANCE IN THE STATE, THE INSURANCE PRODUCER
3 SHALL PROVIDE AN APPLICANT WITH AN ITEMIZED STATEMENT THAT LISTS ALL
4 ADD-ON COVERAGE AVAILABLE FROM THE INSURER TO THE APPLICANT.

5 (C) THE STATEMENT SHALL:

6 (1) BE IN WRITING;

7 (2) STATE THAT THE COST OF ADD-ON COVERAGE IS NOT PART OF THE
8 PREMIUM FOR THE STANDARD HOMEOWNER'S INSURANCE POLICY;

9 (3) STATE THE TYPE AND COST OF EACH ADD-ON COVERAGE TO BE
10 SOLD; AND

11 (4) STATE THAT ADD-ON COVERAGE IS OPTIONAL.

12 (D) (1) AN INSURANCE PRODUCER SHALL DELIVER TO THE APPLICANT THE
13 ITEMIZED STATEMENT THAT LISTS ALL ADD-ON COVERAGE AVAILABLE FROM THE
14 INSURER.

15 (2) THE STATEMENT SHALL INCLUDE A SPACE TO INDICATE THE
16 APPLICANT'S ACCEPTANCE OR REJECTION OF THE ADD-ON COVERAGE.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
18 personal lines property and casualty insurance policies and contracts issued,
19 delivered, or renewed on or after ~~October 1, 2004~~ January 1, 2005.

20 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 ~~October 1, 2004~~ January 1, 2005.