

HOUSE JOINT RESOLUTION 10

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By: **Delegates Minnick and Weir**

Introduced and read first time: February 24, 2004

Assigned to: Rules and Executive Nominations

HOUSE JOINT RESOLUTION

1 A House Joint Resolution concerning

2 **National Flood Insurance Program - Tropical Storm/Hurricane Isabel**

3 FOR the purpose of urging the Congress of the United States to review the National
4 Flood Insurance Program and consider changes to the Program that would
5 improve the handling of claims and other aspects of the Program.

6 WHEREAS, The devastation caused by Tropical Storm/Hurricane Isabel in
7 September 2003 impacted communities across the State, particularly in Anne
8 Arundel County, Baltimore County, Montgomery County, and along the shorelines;
9 and

10 WHEREAS, The cost of repairing or rebuilding over 5,600 properties that were
11 severely damaged or destroyed by Tropical Storm/Hurricane Isabel is estimated to
12 total in the tens of millions of dollars; and

13 WHEREAS, Direct flood or flood-related property damage is not covered under
14 general homeowners insurance policies; and

15 WHEREAS, The National Flood Insurance Program, established under the
16 National Flood Insurance Act of 1968, is the federal program enabling property
17 owners in participating communities to purchase insurance as a protection against
18 flood losses in exchange for State and community flood plain management regulations
19 that reduce future flood damages; and

20 WHEREAS, Federal flood insurance may be purchased through insurance
21 producers that sell general homeowners insurance or directly through the National
22 Flood Insurance Program; and

23 WHEREAS, Many federal flood insurance policyholders who thought they were
24 adequately insured for Tropical Storm/Hurricane Isabel learned otherwise about the
25 underlying aspects of the insurance coverage; and

26 WHEREAS, The federal flood insurance left substantial needs unmet for many
27 consumers due to policy exclusions and limitations, including the payment of actual
28 cost value of the loss less any depreciation rather than replace cost value which would
29 return the property to the condition it was in prior to the loss; and

1 WHEREAS, Many consumers who purchased structural coverage under the
2 federal flood insurance did not purchase contents coverage; and

3 WHEREAS, Many consumers experienced long delays in hearing from adjusters
4 and producers and receiving claim funds from the homeowners insurance companies
5 and the National Flood Insurance Program; and

6 WHEREAS, Many consumers were confronted by various adjusters
7 representing the homeowners insurance companies, the National Flood Insurance
8 Program, and others, causing the consumers to receive multiple inconsistent loss
9 determinations; and

10 WHEREAS, Many consumers complained that some adjusters were untrained
11 about the aspects of federal flood insurance and provided loss determinations that
12 were substantially less than expected for the property and region; and

13 WHEREAS, At the time of the claim, many consumers were charged additional
14 federal flood insurance premiums retroactively to update the underwriting of the
15 policy; and

16 WHEREAS, To assist consumers in filing claims under federal flood insurance,
17 the Maryland Insurance Administration participated at the Federal Emergency
18 Management Agency Disaster Recovery Centers, participated in community
19 meetings, and were trained by regional National Flood Insurance Program
20 representatives; and

21 WHEREAS, The Maryland Insurance Administration received over 1,200
22 inquiries and over 200 formal complaints from Maryland property owners; and

23 WHEREAS, While most areas in the State that were hit hard by Tropical
24 Storm/Hurricane Isabel are now well on their way to recovery, several communities
25 are still struggling over 5 months later to resolve their claims with the National Flood
26 Insurance Program; now, therefore, be it

27 **RESOLVED BY THE GENERAL ASSEMBLY OF MARYLAND,** That the
28 General Assembly urges the Congress of the United States to review the National
29 Flood Insurance Program and consider changes to the program that would improve
30 the handling of claims and other aspects of the program, including delegating
31 authority to the Maryland Insurance Administration to mediate claims, ensuring that
32 properties are underwritten properly for flood insurance prior to the payment of
33 premium, facilitating the use of a single adjuster when a claim is filed for both
34 homeowners insurance and flood insurance, and covering property damage at replace
35 cost value; and be it further

36 **RESOLVED,** That a copy of this Resolution be forwarded by the Department of
37 Legislative Services to the Honorable Robert L. Ehrlich, Jr., Governor of Maryland;
38 the Honorable Thomas V. Mike Miller, Jr., President of the Senate of Maryland; and
39 the Honorable Michael E. Busch, Speaker of the House of Delegates; and be it further

1 RESOLVED, That a copy of this Resolution be forwarded by the Department of
2 Legislative Services to the Maryland Congressional Delegation: Senators Paul S.
3 Sarbanes and Barbara A. Mikulski, Senate Office Building, Washington, D.C. 20510;
4 and Representatives Wayne T. Gilchrest, C. A. Dutch Ruppersberger III, Benjamin L.
5 Cardin, Albert R. Wynn, Steny Hamilton Hoyer, Roscoe G. Bartlett, Elijah E.
6 Cummings, and Christopher Van Hollen, Jr., House Office Building, Washington,
7 D.C. 20515.