

Department of Legislative Services  
Maryland General Assembly  
2004 Session

FISCAL AND POLICY NOTE  
Revised

Senate Bill 585

(Senator Stone, *et al.*)

Finance

Economic Matters

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Homeowner's Insurance - Notice Concerning Flood Insurance

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This bill requires an insurer that issues or delivers a homeowner's insurance policy to provide an applicant, at the time a policy is initially purchased, with a written notice that states that a standard homeowner's insurance policy does not cover losses from flood. The notice must include specified information on flood insurance available under the National Flood Insurance Program.

An insurer must provide a copy of the notice described above, at the renewal of a homeowner's insurance policy immediately following October 1, 2004, to its policy holders who have not purchased flood insurance from the insurer.

The bill may not be construed to impair or effect the obligation of any insurance contract.

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Fiscal Summary

**State Effect:** Assuming the notice forms are subject to the form filing fee, special fund revenue for the Maryland Insurance Administration (MIA) would increase in FY 2005 from forms filed under the bill. The number of filings cannot be accurately estimated. Expenditures would not be affected.

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Current Law:** An insurer's communications to a policyholder about a policy's coverages and exclusions, claims adjusting, and claims settlement procedures are not specifically regulated by statute.

**State Revenues:** MIA advises that, of the 840 insurers licensed to sell homeowner's insurance in the State, 143 report written premium. It is unclear whether the notice form would be subject to the \$125 form filing fee. If it is, revenues for the Insurance Regulation Fund would increase by \$17,875 in fiscal 2005.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** HB 1071 (Delegates Minnick and Trueschler) – Economic Matters.

**Information Source(s):** Maryland Insurance Administration, Department of Legislative Services

**Fiscal Note History:** First Reader - February 23, 2004  
ncs/jr Revised - Senate Third Reader - April 14, 2004

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