

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL NO. 64

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “Delegate Trueschler” and substitute “Delegates Trueschler, Minnick, Burns, D. Davis, Doory, Feldman, Haddaway, Impallaria, Krebs, Krysiak, McHale, Moe, Parrott, Vaughn, and Walkup”.

AMENDMENT NO. 2

On page 1, strike beginning with “sufficiently” in line 5 down through “exclusions” in line 6 and substitute “clear and specific”; in line 8, strike “does not create a legal obligation on the part of an insurer” and substitute “is not part of the policy or contract of insurance”; in line 9, after the first “certain” insert “insurers or”; in line 11, after the semicolon insert “requiring certain insurers or insurance producers to furnish certain applicants with certain contact information; providing that the notice does not create a private right of action;”; in the same line, after the second “certain” insert “insurers or”; in line 12, strike “deliver certain information” and substitute “provide a certain written statement”; strike beginning with the semicolon in line 12 down through “circumstances” in line 14 and substitute “at a certain time; requiring certain insurers or insurance producers to obtain a certain signature on the statement; providing that if a certain application is made by telephone or using the Internet, an insurer or insurance producer shall be in compliance with certain provisions of law if, within a certain period of time, the insurer or insurance producer mails a certain statement to an applicant or insured; providing that if an applicant or insured does not return a signed statement within a certain period of time there is a conclusive presumption that an insurer or insurance producer has complied with certain provisions of law; providing that an insurer or insurance producer has the burden of demonstrating, in accordance with the Maryland Rules of Evidence or as otherwise provided by law, that the statement was mailed to an applicant or insured”; in line 14, after “certain” insert “disclosures and”; and strike beginning with “requiring” in line 15 down through “circumstances;” in line 16.

AMENDMENT NO. 3

(Over)

On page 1, after line 18, insert:

“BY renumbering

Article - Insurance

Section 19-201 through 19-203, respectively

to be Section 19-202 through 19-204, respectively

Annotated Code of Maryland

(2002 Replacement Volume and 2004 Supplement)”;

in line 21, strike “19-204 through 19-206” and substitute “19-201 and 19-205 through 19-207, inclusive”; in line 25, after “That” insert “Section(s) 19-201 through 19-203, respectively, of Article - Insurance of the Annotated Code of Maryland be renumbered to be Section(s) 19-202 through 19-204, respectively.

SECTION 2. AND BE IT FURTHER ENACTED, That”;

and in line 27, strike “19-204.” and substitute “19-205.”.

On page 2, in line 25, strike “19-205.” and substitute “19-206.”.

On page 3, in line 16, strike “19-206.” and substitute “19-207.”.

On page 4, in line 3, strike “2.” and substitute “3.”; and in line 6, strike “3.” and substitute “4.”.

#### AMENDMENT NO. 4

On page 1, after line 26, insert:

“19-201.

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

(B) “ADDITIONAL OPTIONAL COVERAGE” MEANS A COVERAGE OR SERVICE THAT COVERS THE STRUCTURES, CONTENTS, PROPERTY, OR ACTIVITIES ON PROPERTY THAT IS AVAILABLE FOR PURCHASE IN CONNECTION WITH A STANDARD HOMEOWNER’S INSURANCE POLICY.

(C) “INSURER” MEANS AN INSURER THAT ISSUES OR DELIVERS A POLICY

OF HOMEOWNER'S INSURANCE IN THE STATE.”;

and strike in their entirety lines 28 and 29.

AMENDMENT NO. 5

On page 2, in line 1, strike “(B)” and substitute “(A)”; in line 4, strike “MUST” and substitute “SHALL”; strike beginning with “SUFFICIENTLY” in line 4 down through “POLICY” in line 6 and substitute “CLEAR AND SPECIFIC”; in line 7, strike “WHETHER”; strike beginning with “COVERAGES” in line 8 down through “OTHER” in line 9; in line 9, after “PAYMENT” insert “FOR COVERED STRUCTURES AND CONTENTS”; in line 15, strike “SUMMARY” and substitute “LISTING”; in line 19, strike “ADD-ON COVERAGES” and substitute “ADDITIONAL OPTIONAL COVERAGE”; in line 20, strike “AND”; in line 21, after “POLICY” insert “OR CONTRACT OF INSURANCE”; in line 22, strike “ANY LEGAL OBLIGATION ON THE PART OF THE INSURER” and substitute “A PRIVATE RIGHT OF ACTION; AND

(VI) ALL RIGHTS, DUTIES, AND OBLIGATIONS ARE CONTROLLED BY THE POLICY AND CONTRACT OF INSURANCE”;

in line 23, strike “(C)” and substitute “(B)”; in the same line, strike “(B)” and substitute “(A)”; and strike beginning with “DOES” in line 23 down through “INSURER” in line 24 and substitute “IS NOT PART OF THE POLICY OR CONTRACT OF INSURANCE”.

AMENDMENT NO. 6

On page 2, in line 26, after “AN” insert “INSURER OR AN”; in line 27, strike the second “THE” and substitute “AN”; in the same line, after “POLICY” insert “OF HOMEOWNER'S INSURANCE”; and in lines 33 and 34, in each instance, after “THE” insert “INSURER OR”.

On page 3, in line 3, strike “AND”; in line 6, strike “STRUCTURE” and substitute “STRUCTURES”; in line 7, after “CONTENTS” insert “; AND

(IV) ADVISE THE APPLICANT TO CONFIRM THE NEED FOR FLOOD INSURANCE WITH THE NATIONAL FLOOD INSURANCE PROGRAM OR THE APPLICANT'S MORTGAGE LENDER”;

(Over)

in line 8, after “AN” insert “INSURER OR”; in line 12, after the first “THE” insert “INSURER OR”; in line 13, after “THE” insert “INSURER OR”; and after line 15, insert:

“(F) A NOTICE PROVIDED UNDER THIS SECTION DOES NOT CREATE A PRIVATE RIGHT OF ACTION.”.

AMENDMENT NO. 7

On page 3, strike in their entirety lines 17 through 21, inclusive, and substitute:

“(A) (1) AN INSURER OR AN INSURANCE PRODUCER THAT SELLS OR NEGOTIATES HOMEOWNER’S INSURANCE IN THE STATE SHALL PROVIDE AN APPLICANT, AT THE TIME OF APPLICATION FOR HOMEOWNER’S INSURANCE,”;

in line 22, strike “SHALL PROVIDE AN APPLICANT WITH AN ITEMIZED” and substitute “WITH A WRITTEN”; in line 23, strike “ADD-ON” and substitute “ADDITIONAL OPTIONAL”; and after line 23, insert:

“(2) THE INSURER OR INSURANCE PRODUCER SHALL OBTAIN THE APPLICANT’S SIGNATURE ON THE STATEMENT.”.

On pages 3 and 4, strike in their entirety the lines beginning with line 24 on page 3 through line 2 on page 4, inclusive, and substitute:

“(3) (I) IF AN APPLICATION IS MADE BY TELEPHONE OR USING THE INTERNET, THE INSURER OR INSURANCE PRODUCER IS DEEMED TO BE IN COMPLIANCE WITH THIS SECTION IF, WITHIN 3 BUSINESS DAYS AFTER THE DATE OF APPLICATION, THE INSURER OR INSURANCE PRODUCER MAILES THE STATEMENT TO THE APPLICANT OR INSURED AND REQUESTS THE APPLICANT OR INSURED TO SIGN THE STATEMENT.

“(II) IF THE APPLICANT OR INSURED DOES NOT RETURN A SIGNED STATEMENT WITHIN 60 DAYS AFTER THE DATE THE STATEMENT WAS MAILED, THERE IS A CONCLUSIVE PRESUMPTION THAT THE INSURER OR

INSURANCE PRODUCER HAS COMPLIED WITH THE REQUIREMENTS OF THIS SECTION.

(III) THE INSURER OR INSURANCE PRODUCER SHALL HAVE THE BURDEN OF DEMONSTRATING, IN ACCORDANCE WITH THE MARYLAND RULES OF EVIDENCE, OR AS OTHERWISE REQUIRED BY LAW, THAT THE STATEMENT WAS MAILED TO THE APPLICANT OR INSURED.

(B) THE STATEMENT SHALL:

(1) BE ON A SEPARATE FORM;

(2) BE TITLED, IN AT LEAST 12 POINT TYPE, “ADDITIONAL OPTIONAL COVERAGE NOT INCLUDED IN THE STANDARD HOMEOWNER’S INSURANCE POLICY”;

(3) CONTAIN THE FOLLOWING DISCLOSURE IN AT LEAST 10 POINT TYPE:

“YOUR STANDARD HOMEOWNER’S INSURANCE POLICY DOES NOT COVER ALL RISKS. YOU MAY NEED TO OBTAIN ADDITIONAL INSURANCE TO COVER LOSS OR DAMAGE TO YOUR HOME, PROPERTY, AND THE CONTENTS OF YOUR HOME OR TO COVER RISKS RELATED TO BUSINESS OR PERSONAL ACTIVITIES ON YOUR PROPERTY.

THIS STATEMENT PROVIDES A LIST OF THE TYPES OF ADDITIONAL INSURANCE COVERAGE THAT ARE AVAILABLE. CONTACT YOUR INSURANCE COMPANY, INSURANCE PRODUCER, OR INSURANCE AGENT TO DISCUSS THESE ADDITIONAL COVERAGES.”;

(4) CONTAIN A LIST OF ADDITIONAL OPTIONAL COVERAGE; AND

(5) CONTAIN THE FOLLOWING DISCLOSURE ABOVE THE LINE DESIGNATED FOR THE APPLICANT’S SIGNATURE:

(Over)

“I UNDERSTAND THAT THE TYPES OF ADDITIONAL INSURANCE COVERAGE LISTED IN THIS STATEMENT ARE NOT INCLUDED IN THE STANDARD HOMEOWNER’S INSURANCE POLICY. I UNDERSTAND THAT I MUST CONTACT MY INSURANCE COMPANY, INSURANCE PRODUCER, OR INSURANCE AGENT IF I WANT TO DISCUSS OR PURCHASE ADDITIONAL INSURANCE. I ALSO UNDERSTAND THAT THIS STATEMENT OF ADDITIONAL COVERAGES, OR ANY DEFICIENCY IN IT, CANNOT BE USED BY ME OR ANY OTHER PERSON TO BRING A PRIVATE LAWSUIT AGAINST THE INSURANCE COMPANY, ITS INSURANCE PRODUCERS, OR ITS AGENTS.”“.