

BY: Finance Committee

AMENDMENTS TO SENATE BILL NO. 437

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike “Offer and Summary of Coverage” and substitute “Statements Regarding Coverages”; in line 3, after “with” insert “a”; in line 4, strike “statements” and substitute “statement”; in the same line, strike “summarize” and substitute “summarizes”; strike beginning with “requiring” in line 5 down through “circumstances” in line 16 and substitute “requiring certain insurers or certain insurance producers to provide certain applicants with certain statements regarding flood insurance and additional optional coverages at the time of initial application for certain insurance or at the time a certain policy is issued; requiring that certain statements be clear and specific; providing that certain statements are not part of the policy or contract of insurance and do not create a private right of action; describing the information that must be included in certain statements”; 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”; and 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”.

AMENDMENT NO. 2

(Over)

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 A POLICY OF HOMEOWNER’S INSURANCE IN THE STATE.”.

AMENDMENT NO. 3

On pages 1 through 4, strike in their entirety the lines beginning with line 27 on page 1 through line 2 on page 4, inclusive, and substitute:

“19-205.

(A) AN INSURER SHALL PROVIDE A POLICYHOLDER WITH A WRITTEN ANNUAL STATEMENT THAT IS CLEAR AND SPECIFIC AND SUMMARIZES THE COVERAGES AND EXCLUSIONS UNDER THE POLICY.

(B) THE STATEMENT SHALL:

(1) LIST THE COVERAGES AND EXCLUSIONS UNDER THE POLICY;

(2) STATE THE METHOD OF LOSS PAYMENT FOR COVERED STRUCTURES AND CONTENTS;

(3) STATE THAT THE POLICYHOLDER SHOULD READ THE POLICY FOR COMPLETE INFORMATION ON COVERAGES AND EXCLUSIONS;

(4) STATE THAT THE POLICYHOLDER SHOULD REFER TO THE DECLARATIONS PAGE FOR A LISTING OF COVERAGES PURCHASED;

(5) STATE THAT THE POLICYHOLDER SHOULD COMMUNICATE WITH

THE INSURER OR INSURANCE PRODUCER FOR ANY ADDITIONAL INFORMATION REGARDING THE SCOPE OF COVERAGES IN THE POLICY;

(6) STATE THAT THE LIST OF COVERAGES AND EXCLUSIONS UNDER ITEM (1) OF THIS SUBSECTION DOES NOT INCLUDE ANY ADDITIONAL OPTIONAL COVERAGES PURCHASED BY THE POLICYHOLDER; AND

(7) STATE THAT ALL RIGHTS, DUTIES, AND OBLIGATIONS ARE CONTROLLED BY THE POLICY AND CONTRACT OF INSURANCE.

(C) THE STATEMENT REQUIRED UNDER THIS SECTION IS NOT PART OF THE POLICY OR CONTRACT OF INSURANCE AND DOES NOT CREATE A PRIVATE RIGHT OF ACTION.

19-206.

(A) AN INSURER OR AN INSURANCE PRODUCER THAT SELLS HOMEOWNER'S INSURANCE IN THE STATE SHALL PROVIDE AN APPLICANT, AT THE TIME OF INITIAL APPLICATION FOR HOMEOWNER'S INSURANCE OR AT THE TIME THE POLICY IS ISSUED, WITH A WRITTEN STATEMENT THAT IS CLEAR AND SPECIFIC AND INDICATES THAT A STANDARD HOMEOWNER'S INSURANCE POLICY DOES NOT INCLUDE FLOOD INSURANCE.

(B) THE STATEMENT SHALL:

(1) STATE THAT A STANDARD HOMEOWNER'S INSURANCE POLICY DOES NOT COVER LOSSES FROM FLOOD;

(2) STATE THAT FLOOD INSURANCE IS AVAILABLE THROUGH THE NATIONAL FLOOD INSURANCE PROGRAM;

(3) PROVIDE THE CONTACT INFORMATION FOR THE NATIONAL FLOOD INSURANCE PROGRAM;

(Over)

(4) INDICATE WHETHER THE INSURER OR INSURANCE PRODUCER SELLS FLOOD INSURANCE;

(5) STATE THAT THE APPLICANT SHOULD DETERMINE WHETHER FLOOD INSURANCE IS REQUIRED BY LAW BY CONTACTING THE NATIONAL FLOOD INSURANCE PROGRAM OR THE APPLICANT'S MORTGAGE LENDER; AND

(6) STATE THAT IF THE INSURER OR INSURANCE PRODUCER SELLS FLOOD INSURANCE AND THE APPLICANT DETERMINES THE NEED FOR FLOOD INSURANCE, THE APPLICANT MAY REQUEST FROM THE INSURER OR INSURANCE PRODUCER A FEDERAL EMERGENCY MANAGEMENT AGENCY APPLICATION FOR FLOOD INSURANCE UNDER THE NATIONAL FLOOD INSURANCE PROGRAM.

(C) THE STATEMENT REQUIRED UNDER THIS SECTION IS NOT PART OF THE POLICY OR CONTRACT OF INSURANCE AND DOES NOT CREATE A PRIVATE RIGHT OF ACTION.

19-207.

(A) AN INSURER OR AN INSURANCE PRODUCER THAT SELLS HOMEOWNER'S INSURANCE IN THE STATE SHALL PROVIDE AN APPLICANT, AT THE TIME OF INITIAL APPLICATION FOR HOMEOWNER'S INSURANCE OR AT THE TIME THE POLICY IS ISSUED, WITH A WRITTEN STATEMENT THAT IS CLEAR AND SPECIFIC AND SUMMARIZES THE ADDITIONAL OPTIONAL COVERAGES AVAILABLE FROM THE INSURER.

(B) THE STATEMENT SHALL:

(1) STATE THAT A STANDARD HOMEOWNER'S INSURANCE POLICY DOES NOT COVER ALL RISKS AND THAT THE POLICYHOLDER MAY NEED TO OBTAIN ADDITIONAL OPTIONAL COVERAGE TO INSURE AGAINST LOSS OR DAMAGE TO THE POLICYHOLDER'S HOME, PROPERTY, AND THE CONTENTS OF THE POLICYHOLDER'S HOME, OR TO COVER RISKS RELATED TO BUSINESS OR PERSONAL ACTIVITIES ON

THE POLICYHOLDER’S PROPERTY; AND

(2) LIST THE TYPES OF ADDITIONAL OPTIONAL COVERAGES THAT ARE AVAILABLE FROM THE INSURER.

(C) THE STATEMENT REQUIRED UNDER THIS SECTION IS NOT PART OF THE POLICY OR CONTRACT OF INSURANCE AND DOES NOT CREATE A PRIVATE RIGHT OF ACTION.”.

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