

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

Senate Bill 388
Finance

(Senators Stone and Della)

Homeowner's Insurance - Notice Concerning Flood Insurance

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, 2005, to its policyholders who have not purchased flood insurance from the insurer.

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

Fiscal Summary

State Effect: Enforcement could be handled with the existing resources of the Maryland Insurance Administration. Revenues would not be affected.

Local Effect: None.

Small Business Effect: None.

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.

Additional Information

Prior Introductions: Similar bills, SB 585 and HB 1071, were introduced during the 2004 legislative session. As amended and passed in the Senate, SB 585 was identical to this bill. The bill was referred to the Rules and Executive Nominations Committee and later the Economic Matters Committee in the House, where no further action was taken. HB 1071 was amended and passed in the House, and it was amended again in the Senate. The House refused to concur to the Senate amendments and appointed conferees. The Senate neither appointed conferees nor receded from its position. No further action was taken.

Cross File: None.

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

Fiscal Note History: First Reader - February 18, 2005
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