

HOUSE BILL 1106

C4

71r2568

By: **Delegate Feldman**

Introduced and read first time: February 14, 2007

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Homeowner's Insurance – Insurance Producers – Notice of Coverage for**
3 **Flood Loss – Statement of Additional Optional Coverage**

4 FOR the purpose of repealing a requirement for an insurance producer at a certain
5 time and in a certain manner to provide an applicant for homeowner's insurance
6 with a certain notice about homeowner's insurance coverage for losses from
7 flood; repealing certain provisions that deem an insurance producer to be in
8 compliance with the notice requirement under certain circumstances; repealing
9 a requirement for an insurance producer at a certain time and in a certain
10 manner to provide an applicant for homeowner's insurance with a certain
11 statement about additional optional coverage; repealing certain provisions that
12 deem an insurance producer to be in compliance with the statement
13 requirement under certain circumstances; providing that a certain statement
14 does not create a private right of action; providing for the application of this Act;
15 and generally relating to notices of coverage under homeowner's insurance.

16 BY repealing and reenacting, with amendments,
17 Article – Insurance
18 Section 19–206 and 19–207
19 Annotated Code of Maryland
20 (2006 Replacement Volume and 2006 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
22 MARYLAND, That the Laws of Maryland read as follows:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **Article – Insurance**

2 19–206.

3 (a) (1) An insurer [or an insurance producer] that sells or negotiates
4 homeowner’s insurance in the State shall provide an applicant, at the time a policy of
5 homeowner’s insurance is initially purchased, with a written notice that states that a
6 standard homeowner’s insurance policy does not cover losses from flood.

7 (2) If an application is made by telephone, the insurer [or insurance
8 producer] is deemed to be in compliance with this section if, within 7 calendar days
9 after the date of application, the insurer [or insurance producer] sends by certificate of
10 mailing the notice to the applicant or insured.

11 (3) If an application is made using the Internet, the insurer [or
12 insurance producer] is deemed to be in compliance with this section if the insurer [or
13 insurance producer] provides the notice to the applicant prior to the submission of the
14 application.

15 (b) The notice shall:

16 (1) state that flood insurance may be available through the National
17 Flood Insurance Program or other sources;

18 (2) provide the applicant with the contact information for the National
19 Flood Insurance Program;

20 (3) advise the applicant to confirm the need for flood insurance with
21 the National Flood Insurance Program or the applicant’s mortgage lender;

22 (4) advise the applicant to contact the National Flood Insurance
23 Program, the applicant’s insurer, or the applicant’s insurance producer for information
24 about flood insurance;

25 (5) advise the applicant that flood insurance may be available for
26 covered structures and their contents;

27 (6) advise the applicant that a claim under a flood insurance policy
28 may be adjusted and paid on a different basis than a claim under a homeowner’s
29 insurance policy; and

1 (7) advise the applicant that a separate application must be completed
2 to purchase flood insurance.

3 (c) A notice required to be sent by certificate of mailing under this section
4 may be sent with the statement required under § 19–207 of this article.

5 (d) A notice provided under this section does not create a private right of
6 action.
7 19–207.

8 (a) (1) An insurer [or an insurance producer] that sells or negotiates
9 homeowner’s insurance in the State shall provide an applicant, at the time of
10 application for homeowner’s insurance, with a written statement that lists all
11 additional optional coverage available from the insurer to the applicant.

12 (2) If an application is made by telephone, the insurer [or insurance
13 producer] is deemed to be in compliance with this section if, within 7 calendar days
14 after the date of application, the insurer [or insurance producer] sends by certificate of
15 mailing the statement to the applicant or insured.

16 (3) If an application is made using the Internet, the insurer [or
17 insurance producer] is deemed to be in compliance with this section if the insurer [or
18 insurance producer] provides the statement to the applicant prior to submission of the
19 application.

20 (b) The statement shall:

21 (1) be on a separate form;

22 (2) be titled, in at least 12 point type, “Additional Optional Coverage
23 Not Included in the Standard Homeowner’s Insurance Policy”;

24 (3) contain the following disclosure in at least 10 point type:

25 “Your standard homeowner’s insurance policy does not cover all risks. You may
26 need to obtain additional insurance to cover loss or damage to your home, property,
27 and the contents of your home or to cover risks related to business or personal
28 activities on your property.

1 This statement provides a list of the types of additional insurance coverage that
2 are available. Contact your insurance company, insurance producer, or insurance
3 agent to discuss these additional coverages.”; and

4 (4) contain a list of additional optional coverage.

5 (c) A statement required to be sent by certificate of mailing under this
6 section may be sent with the notice required under § 19–206 of this article.

7 **(D) A STATEMENT PROVIDED UNDER THIS SECTION DOES NOT CREATE**
8 **A PRIVATE RIGHT OF ACTION.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to
10 personal lines homeowner’s insurance policies and contracts issued, delivered, or
11 renewed in the State on or after October 1, 2007.

12 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 October 1, 2007.