

# HOUSE BILL 1106

C4

71r2568

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By: **Delegate Feldman**

Introduced and read first time: February 14, 2007

Assigned to: Rules and Executive Nominations

Re-referred to: Economic Matters, February 26, 2007

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Committee Report: Favorable

House action: Adopted

Read second time: March 19, 2007

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## CHAPTER \_\_\_\_\_

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

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (2006 Replacement Volume and 2006 Supplement)

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

4 **Article – Insurance**

5 19–206.

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

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

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

18 (b) The notice shall:

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

21 (2) provide the applicant with the contact information for the National  
22 Flood Insurance Program;

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

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

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

1           (6)    advise the applicant that a claim under a flood insurance policy  
2 may be adjusted and paid on a different basis than a claim under a homeowner's  
3 insurance policy; and

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

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

8           (d)    A notice provided under this section does not create a private right of  
9 action.

10 19–207.

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

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

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

23           (b)    The statement shall:

24                   (1)    be on a separate form;

25                   (2)    be titled, in at least 12 point type, "Additional Optional Coverage  
26 Not Included in the Standard Homeowner's Insurance Policy";

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

28                    "Your standard homeowner's insurance policy does not cover all risks. You may  
29 need to obtain additional insurance to cover loss or damage to your home, property,

1 and the contents of your home or to cover risks related to business or personal  
2 activities on your property.

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

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

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

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

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

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

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.