

# SENATE BILL 790

C4

71r2693  
CF HB 1106

---

By: **Senator Astle**

Introduced and read first time: February 14, 2007

Assigned to: Rules

---

## 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:

23 **Article – Insurance**

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 19-206.

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

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

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

14 (b) The notice shall:

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

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

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

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

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

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

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

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

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

5 19–207.

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 of  
8 application for homeowner’s insurance, with a written statement that lists all  
9 additional optional coverage available from the insurer to the applicant.

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 statement 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 statement to the applicant prior to submission of the  
17 application.

18 (b) The statement shall:

19 (1) be on a separate form;

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

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

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

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

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

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

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

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

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