

HB1353/863992/2

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL 1353

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, strike beginning with “altering” in line 3 down through the semicolon in line 16; in line 23, after the second “a” insert “certain”; in line 24, strike “under certain circumstances” and substitute “to certain policyholders who submit certain proof of certain improvements made to a certain insured premises; requiring certain improvements to be completed by certain licensed contractors; authorizing an insurer to inspect certain improvements; requiring certain premium discounts to be in compliance with certain provisions of law; requiring certain insurers to provide a certain annual statement”; in line 26, strike “explain certain information” and substitute “make certain arrangements”; in line 29, after the semicolon insert “requiring a certain insurer to file a certain plan at a certain time; providing for the contents of the plan; prohibiting the plan from taking effect until a certain time after a certain filing; authorizing the Commissioner to extend a certain waiting period for a certain time upon a certain notice; providing that a certain filing is deemed approved unless disapproved by a certain time; authorizing the Commissioner to allow a certain insurer to implement a certain plan within a certain time; requiring the Commissioner to approve the plan under certain circumstances; requiring the Commissioner to assess a certain impact; requiring the Commissioner to state certain points of objection and certain amendments under certain circumstances; requiring a certain insurer to file a certain amended plan within a certain time; prohibiting any intended withdrawal in accordance with a certain plan until a certain plan is approved; defining certain terms;”; and in line 29, strike “Planning” and substitute “Housing and Community Development”.

On page 2, strike in their entirety lines 1 through 5, inclusive; and in line 8, strike “19-210” and substitute “19-211”.

(Over)

On page 7, in line 30, strike “Planning” and substitute “Housing and Community Development”.

AMENDMENT NO. 2

On pages 2 through 5, strike in their entirety the lines beginning with line 14 on page 2 through line 7 on page 5, inclusive.

On page 5 in line 11, on page 6 in line 30, and on page 7 in line 5, in each instance, strike “RELATED”.

On page 5 in lines 19 and 30, and on page 6 in line 1, in each instance, strike “120” and substitute “60”.

On page 6 in line 33 and on page 7 in line 1, in each instance, strike “STATE” and substitute “STATE”.

On page 7, strike beginning with “AN” in line 11 down through “STORM” in line 14 and substitute:

“AN INSURER SHALL OFFER AT LEAST ONE ACTUARIALLY JUSTIFIED PREMIUM DISCOUNT ON A POLICY OF HOMEOWNER’S INSURANCE TO A POLICYHOLDER WHO SUBMITS PROOF OF IMPROVEMENTS MADE TO THE INSURED PREMISES AS A MEANS OF MITIGATING LOSS FROM A HURRICANE OR OTHER STORM.”

(B) MEANS OF MITIGATING LOSS INCLUDE:

(1) THE INSTALLATION OF ONE OR MORE OF THE FOLLOWING:

(I) HURRICANE SHUTTERS;

(II) SECONDARY WATER BARRIER;

(III) REINFORCED ROOF COVERINGS;

(IV) BRACED GABLE ENDS;

(V) REINFORCED ROOF TO WALL CONNECTIONS;

(VI) TIE DOWNS; AND

(VII) REINFORCED OPENING PROTECTIONS;

(2) REPAIR OR REPLACEMENT OF:

(I) EXTERIOR DOORS, INCLUDING GARAGE DOORS;

(II) HURRICANE RESISTANT TRUSSES, STUDS, AND OTHER STRUCTURAL COMPONENTS; AND

(III) REPAIR OR REPLACEMENT OF MANUFACTURED HOME PIERS, ANCHORS, AND TIE DOWN STRAPS; AND

(3) ANY MITIGATION EFFORT THAT MATERIALLY MITIGATES LOSS FROM A HURRICANE OR OTHER STORM OTHERWISE COVERED UNDER THE POLICY.

(C) IMPROVEMENTS MADE TO AN INSURED PREMISES UNDER THIS SECTION SHALL BE COMPLETED BY A CONTRACTOR LICENSED BY THE DEPARTMENT OF LABOR, LICENSING, AND REGULATION.

(Over)

(D) (1) AN INSURER SHALL BE ALLOWED TO INSPECT THE IMPROVEMENTS THAT ARE THE BASIS OF A PREMIUM DISCOUNT UNDER THIS SECTION.

(2) (I) VERIFICATION OF IMPROVEMENTS THAT ARE THE BASIS OF A PREMIUM DISCOUNT UNDER THIS SECTION RESTS WITH THE INSURER.

(II) AN INSURER MAY ACCEPT AN INSPECTION CERTIFICATE ISSUED BY A GOVERNMENTAL AGENCY AS VERIFICATION OF IMPROVEMENTS THAT ARE THE BASIS OF A PREMIUM DISCOUNT UNDER THIS SECTION.

(E) A PREMIUM DISCOUNT OFFERED UNDER THIS SECTION SHALL:

(1) COMPLY WITH THE PROVISIONS OF TITLE 11 OF THIS ARTICLE; AND

(2) ONLY BE OFFERED FOR IMPROVEMENTS IDENTIFIED BY THE COMMISSIONER AS QUALIFIED MITIGATION ACTIONS MADE TO AN INSURED PREMISES THAT MAY MATERIALLY MITIGATE LOSS FROM A HURRICANE OR OTHER STORM OTHERWISE COVERED UNDER A POLICY.

(F) (1) AN INSURER THAT OFFERS A PREMIUM DISCOUNT UNDER THIS SECTION SHALL PROVIDE A POLICYHOLDER WITH AN ANNUAL STATEMENT REGARDING THE AVAILABILITY OF THE DISCOUNT AND THE METHOD OF APPLYING FOR THE DISCOUNT.

(2) THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY BE SENT WITH THE STATEMENT REQUIRED UNDER § 19-205 OF THIS SUBTITLE”;

and in line 15, strike “(B)” and substitute “(G)”.

AMENDMENT NO. 3

On page 7, in line 18, before “IF” insert “(1)”; in line 20, strike “(1)” and substitute “(I)”; in the same line, after “COMMISSIONER” insert “A DESCRIPTION OF”; and in lines 22 and 23, strike beginning with “(2)” in line 22 down through “RATE” in line 23 and substitute:

“(II) MAKE ARRANGEMENTS FOR THE VENDOR OF THE MODEL TO EXPLAIN TO THE COMMISSIONER THE DATA USED IN THE MODEL AND THE MANNER IN WHICH THE OUTPUT IS OBTAINED.

(2) IF AT ANY TIME AN INSURER CHANGES THE CATASTROPHIC RISK PLANNING MODEL OR OTHER MODEL UPON WHICH IT IS RELYING, THE INSURER SHALL NOTIFY THE COMMISSIONER OF THE CHANGE AND COMPLY WITH PARAGRAPH (1) OF THIS SUBSECTION”.

AMENDMENT NO. 4

On page 7, after line 28, insert:

“19-211.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) (I) “MATERIAL REDUCTION” MEANS DURING A 1-YEAR PERIOD, THE GREATER OF:

1. A REDUCTION OF HOMEOWNER’S INSURANCE POLICIES IN FORCE, BY 5% OR MORE; AND

(Over)

2. A REDUCTION IN THE NET NUMBER OF HOMEOWNER'S INSURANCE POLICIES BY 100.

(II) "MATERIAL REDUCTION" DOES NOT INCLUDE A HOMEOWNER'S INSURANCE POLICY:

1. CANCELLED, NONRENEWED, OR OTHERWISE TERMINATED BY AN INSURED; OR

2. CANCELLED OR NONRENEWED BY AN INSURER PURSUANT TO REASONS OTHER THAN A MATERIAL REDUCTION PLAN.

(3) (I) "MINIMIZES MARKET DISRUPTION" MEANS ACTIONS TO BE TAKEN BY AN INSURER THAT INTENDS TO ENGAGE IN A PLAN OF MATERIAL REDUCTION OF ITS VOLUME OF POLICIES TO PROVIDE FOR THE ORDERLY REDUCTION IN HOMEOWNER'S INSURANCE COVERAGE.

(II) "MINIMIZES MARKET DISRUPTION" INCLUDES:

1. EFFORTS BY THE INSURER TO MAINTAIN A SERVICE FORCE IN AFFECTED AREAS DURING THE PERIOD OF MATERIAL REDUCTION;

2. EFFORTS TO INFORM INSUREDS OF OPTIONS AVAILABLE FOR REPLACEMENT OF COVERAGE WITH AUTHORIZED INSURERS; AND

3. ANY ACTIONS SERVING TO MINIMIZE MARKET DISRUPTION.

(B) (1) AT LEAST 60 DAYS IN ADVANCE OF IMPLEMENTING A PLAN OF MATERIAL REDUCTION, AN INSURER SHALL FILE WITH THE COMMISSIONER A PLAN FOR ORDERLY REDUCTION.

(2) THE PLAN SHALL:

(I) DESCRIBE THE INSURER'S CONTEMPLATED ACTIONS;

(II) SET FORTH THE REASONS FOR THE ACTIONS;

(III) DESCRIBE THE MEASURES THE INSURER INTENDS TO TAKE IN ORDER TO MINIMIZE MARKET DISRUPTION; AND

(IV) PROVIDE ANY OTHER INFORMATION REQUIRED BY THE COMMISSIONER.

(C) (1) EXCEPT AS PROVIDED IN THIS SECTION, A FILING UNDER THIS SECTION MAY NOT TAKE EFFECT UNTIL 60 DAYS AFTER IT IS FILED WITH THE COMMISSIONER.

(2) DURING THE INITIAL 60-DAY WAITING PERIOD, THE COMMISSIONER MAY EXTEND THE WAITING PERIOD FOR AN ADDITIONAL PERIOD, NOT TO EXCEED 60 DAYS, BY WRITTEN NOTICE TO THE INSURER THAT THE COMMISSIONER NEEDS ADDITIONAL TIME FOR CONSIDERATION OF THE FILING.

(3) IF THE COMMISSIONER REQUIRES ADDITIONAL INFORMATION, THE WAITING PERIOD AND ANY ADDITIONAL PERIOD UNDER

(Over)

THIS SECTION SHALL BE TOLLED AND SHALL BEGIN AGAIN ON THE DATE THE NEEDED INFORMATION IS RECEIVED.

(4) A FILING IS DEEMED APPROVED UNLESS DISAPPROVED BY THE COMMISSIONER DURING THE WAITING PERIOD OR ANY EXTENSION OF THE WAITING PERIOD.

(D) IF THE COMMISSIONER FINDS THAT COMPLIANCE WITH SUBSECTION (B) OF THIS SECTION WOULD RESULT IN IMPAIRMENT OF THE INSURER OR A SIGNIFICANT FINANCIAL LOSS TO THE INSURER, THE COMMISSIONER MAY ALLOW AN INSURER TO IMPLEMENT ITS PLAN OF MATERIAL REDUCTION WITHIN 60 DAYS AFTER THE FILING OF THE PLAN.

(E) THE COMMISSIONER SHALL APPROVE THE PLAN OF MATERIAL REDUCTION IF THE INSURER DEMONSTRATES THAT THE MATERIAL REDUCTION IS ACCOMPLISHED IN A MANNER THAT MINIMIZES MARKET DISRUPTION IN THE AREAS OF MATERIAL REDUCTION.

(F) IN REVIEWING A PLAN OF MATERIAL REDUCTION, THE COMMISSIONER SHALL ASSESS THE IMPACT OF THE PLAN OF MATERIAL REDUCTION IN:

(1) EACH COUNTY OF THE STATE; AND

(2) AREAS WITHIN 1 MILE OF ANY SALTWATER SHORELINE OR ANY SHORELINE DIRECTLY ADJACENT TO THE CHESAPEAKE BAY.

(G) (1) IF THE COMMISSIONER DISAPPROVES THE PLAN OF MATERIAL REDUCTION, THE COMMISSIONER SHALL STATE:

(I) THE POINTS OF OBJECTION WITH THE PLAN; AND

(II) ANY AMENDMENTS TO THE PLAN THAT THE COMMISSIONER MAY REQUIRE, CONSISTENT WITH THIS SECTION, INCLUDING AMENDMENTS DESIGNED TO ACCOMPLISH THE PLAN OF MATERIAL REDUCTION IN A MANNER THAT MINIMIZES MARKET DISRUPTION.

(2) THE INSURER SHALL FILE AN AMENDED PLAN WITHIN 15 DAYS AFTER THE DATE OF RETURN OF THE DISAPPROVED PLAN.

(3) ANY INTENDED WITHDRAWAL IN ACCORDANCE WITH A PLAN OF MATERIAL REDUCTION THAT IS DISAPPROVED IS PROHIBITED UNTIL THE ORIGINAL OR AN AMENDED PLAN OF MATERIAL REDUCTION IS APPROVED BY THE COMMISSIONER.

(H) THE COMMISSIONER MAY ADOPT REGULATIONS TO IMPLEMENT THE PROVISIONS OF THIS SECTION.”.