

HOUSE BILL 1353

C4

(8lr2279)

ENROLLED BILL

—Economic Matters / Finance—

Introduced by **Delegates Rudolph, Impallaria, and Mathias**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Omnibus Coastal Property Insurance Reform Act**

3 FOR the purpose of ~~altering the requirements an insurer must meet before refusing to~~
4 ~~issue or renew certain insurance contracts solely because the insured property~~
5 ~~or the applicant's or insured's address is located within a certain geographic~~
6 ~~area of the State; requiring an insurer to adopt a certain underwriting standard~~
7 ~~and file the underwriting standard with the Maryland Insurance Commissioner~~
8 ~~for approval; specifying the contents of certain filings; establishing that certain~~
9 ~~underwriting standards may not take effect until a certain number of days after~~
10 ~~it is filed with the Commissioner; establishing certain exceptions; establishing~~
11 ~~certain requirements for certain underwriting standards; providing that certain~~
12 ~~information shall be open to public inspection; authorizing the Commissioner to~~
13 ~~disapprove a filing under certain circumstances; requiring the Commissioner to~~
14 ~~send certain notice of disapproval of a filing under certain circumstances;~~
15 ~~requiring the Commissioner to hold a hearing under certain circumstances;~~

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.

Italics indicate opposite chamber / conference committee amendments.



~~requiring the Commissioner to give certain notice of the hearing;~~ prohibiting an insurer *that issues a policy of homeowner's insurance* from adopting an underwriting standard that requires a certain deductible unless the insurer has made a certain filing and obtained approval from the Commissioner; providing that if an insurer has adopted a certain underwriting standard that requires a deductible equal to a percentage of the policy limits of a policy, the deductible may only be applicable during a certain time; requiring an insurer that has adopted a certain underwriting standard to send a certain annual statement; requiring certain insurers to offer a certain premium discount ~~under certain circumstances~~ 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; requiring certain insurers that use catastrophic risk planning or other models in setting *homeowner's insurance* rates to file certain information with the Commissioner and ~~explain certain information~~ make certain arrangements; providing that certain information is proprietary and confidential commercial information under a certain provision of law; authorizing the Commissioner to adopt certain regulations; 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; requiring the Maryland Department of ~~Planning~~ Housing and Community Development to conduct a certain review and make a certain report by a certain date; providing for the application of this Act; and generally relating to coastal property insurance.

~~BY repealing and reenacting, with amendments,
 Article – Insurance
 Section 19-107
 Annotated Code of Maryland
 (2006 Replacement Volume and 2007 Supplement)~~

BY adding to
 Article – Insurance
 Section 19-208 through ~~19-210~~ 19-211
 Annotated Code of Maryland

1 (2006 Replacement Volume and 2007 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 ~~19-107.~~

6 (a) ~~An insurer may not refuse to issue or renew a contract of motor vehicle~~
7 ~~insurance, property insurance, or casualty insurance OR EXCLUDE CERTAIN PERILS~~
8 ~~solely because the subject of the risk or the applicant's or insured's address is located~~
9 ~~in a certain geographic area of the State unless:~~

10 (1) ~~[at least 60 days before the refusal, the insurer has filed with the~~
11 ~~Commissioner a written statement designating the geographic area; and~~

12 (2) ~~the designation has an objective basis and is not arbitrary or~~
13 ~~unreasonable] **THE INSURER HAS ADOPTED A WRITTEN UNDERWRITING**~~
14 ~~**STANDARD DESIGNATING THE GEOGRAPHIC AREA;**~~

15 (2) ~~**THE INSURER HAS FILED THE UNDERWRITING STANDARD FOR**~~
16 ~~**APPROVAL BY THE COMMISSIONER; AND**~~

17 (3) ~~**THE COMMISSIONER HAS APPROVED THE UNDERWRITING**~~
18 ~~**STANDARD IN WRITING.**~~

19 (b) ~~[A statement filed with the Commissioner under this section is a public~~
20 ~~record] **THE FILING REQUIRED BY SUBSECTION (A) OF THIS SECTION SHALL BE**~~
21 ~~**MADE AT LEAST 120 DAYS BEFORE THE INSURER PROPOSES TO IMPLEMENT THE**~~
22 ~~**UNDERWRITING STANDARD IN THE STATE.**~~

23 (c) ~~**THE FILING REQUIRED BY SUBSECTION (A) OF THIS SECTION SHALL**~~
24 ~~**INCLUDE:**~~

25 (1) ~~**A MAP OR OTHER DOCUMENT AND A RATING RULE THAT**~~
26 ~~**IDENTIFIES THE GEOGRAPHIC AREAS IN WHICH WRITINGS WILL BE**~~
27 ~~**RESTRICTED;**~~

28 (2) ~~**A COPY OF THE UNDERWRITING STANDARD THE INSURER**~~
29 ~~**PROPOSES TO IMPLEMENT;**~~

30 (3) ~~**THE DATA RELIED ON BY THE INSURER IN DEVELOPING THE**~~
31 ~~**UNDERWRITING STANDARD; AND**~~

1 ~~(4) THE DATE ON WHICH THE INSURER INTENDS TO IMPLEMENT~~
2 ~~THE UNDERWRITING STANDARD.~~

3 ~~(D) (1) EXCEPT AS PROVIDED IN THIS SECTION, AN UNDERWRITING~~
4 ~~STANDARD SUBJECT TO THIS SECTION MAY NOT TAKE EFFECT UNTIL 120 DAYS~~
5 ~~AFTER IT IS FILED WITH THE COMMISSIONER.~~

6 ~~(2) DURING THE INITIAL 120 DAY WAITING PERIOD, THE~~
7 ~~COMMISSIONER MAY EXTEND THE WAITING PERIOD FOR AN ADDITIONAL~~
8 ~~PERIOD, NOT TO EXCEED 60 DAYS, BY WRITTEN NOTICE TO THE INSURER THAT~~
9 ~~THE COMMISSIONER NEEDS ADDITIONAL TIME FOR CONSIDERATION OF THE~~
10 ~~FILING.~~

11 ~~(3) IF THE COMMISSIONER REQUIRES ADDITIONAL~~
12 ~~INFORMATION, THE WAITING PERIOD AND ANY ADDITIONAL PERIOD UNDER~~
13 ~~THIS SECTION SHALL BE TOLLED AND SHALL BEGIN AGAIN ON THE DATE THE~~
14 ~~NEEDED INFORMATION IS RECEIVED.~~

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

18 ~~(E) IF THE COMMISSIONER FINDS THAT COMPLIANCE WITH~~
19 ~~SUBSECTION (B) OR (D) OF THIS SECTION WOULD RESULT IN IMPAIRMENT OF~~
20 ~~THE INSURER OR A SIGNIFICANT FINANCIAL LOSS TO THE INSURER, THE~~
21 ~~COMMISSIONER MAY ALLOW AN INSURER TO IMPLEMENT ITS UNDERWRITING~~
22 ~~STANDARD DESIGNATING THE GEOGRAPHIC AREAS IN WHICH IT WILL RESTRICT~~
23 ~~ITS WRITINGS WITHIN 60 DAYS AFTER THE FILING OF THE UNDERWRITING~~
24 ~~STANDARD.~~

25 ~~(F) AN UNDERWRITING STANDARD THAT RESTRICTS WRITING IN A~~
26 ~~CERTAIN GEOGRAPHIC AREA, INCLUDING THE DESIGNATION OF THE AREA AND~~
27 ~~ITS BOUNDARIES, SHALL:~~

28 ~~(1) COMPLY WITH THE PROVISIONS OF § 27-501(A) AND (B) OF~~
29 ~~THIS ARTICLE;~~

30 ~~(2) BE DEMONSTRATED OBJECTIVELY;~~

31 ~~(3) INCLUDE CONSIDERATION OF PAST AND PROSPECTIVE LOSS~~
32 ~~EXPERIENCE WITHIN AND OUTSIDE THE STATE; AND~~

1 ~~(4) INCLUDE A CONSIDERATION OF ALL RELEVANT HISTORICAL~~
2 ~~WEATHER DATA FOR ANY RESTRICTION THAT IS BASED, IN WHOLE OR IN PART,~~
3 ~~ON A CATASTROPHE MODEL.~~

4 ~~(G) (1) THE INFORMATION FILED UNDER SUBSECTION (C)(1) AND (4)~~
5 ~~OF THIS SECTION SHALL BE OPEN TO PUBLIC INSPECTION AS SOON AS IT IS~~
6 ~~FILED.~~

7 ~~(2) THE INFORMATION FILED UNDER SUBSECTION (C)(2) AND (3)~~
8 ~~OF THIS SECTION IS SUBJECT TO THE PROVISIONS OF § 27-501(H) OF THIS~~
9 ~~ARTICLE.~~

10 ~~(H) (1) THE INSURER BEARS THE BURDEN OF PROOF TO~~
11 ~~DEMONSTRATE THAT ITS PROPOSED UNDERWRITING STANDARD, INCLUDING~~
12 ~~ITS GEOGRAPHIC DESIGNATION, MEETS THE REQUIREMENTS OF THIS SECTION.~~

13 ~~(2) UNLESS THE INSURER DEMONSTRATES THAT ITS PROPOSED~~
14 ~~UNDERWRITING STANDARD, INCLUDING ITS GEOGRAPHIC DESIGNATION, MEETS~~
15 ~~THE REQUIREMENTS OF THIS SECTION, THE COMMISSIONER MAY DISAPPROVE~~
16 ~~THE FILING AND PROHIBIT THE INSURER FROM IMPLEMENTING THE~~
17 ~~UNDERWRITING STANDARD.~~

18 ~~(3) IF, DURING THE WAITING PERIOD OR ANY EXTENSION OF THE~~
19 ~~WAITING PERIOD, THE COMMISSIONER FINDS THAT AN INSURER'S FILING DOES~~
20 ~~NOT MEET THE REQUIREMENTS OF THIS SECTION, THE COMMISSIONER SHALL~~
21 ~~SEND WRITTEN NOTICE OF DISAPPROVAL TO THE INSURER.~~

22 ~~(I) (1) IF, AFTER AN UNDERWRITING STANDARD SUBJECT TO THIS~~
23 ~~SECTION HAS BEEN APPROVED OR OTHERWISE HAS BECOME EFFECTIVE, THE~~
24 ~~COMMISSIONER HAS REASON TO BELIEVE THAT THE UNDERWRITING STANDARD~~
25 ~~NO LONGER MEETS THE CRITERIA SET FORTH IN SUBSECTION (F) OF THIS~~
26 ~~SECTION, THE COMMISSIONER MAY ORDER THE INSURER TO JUSTIFY THE~~
27 ~~STANDARD.~~

28 ~~(2) THE COMMISSIONER SHALL HOLD A HEARING BEFORE~~
29 ~~ISSUING AN ORDER REVOKING APPROVAL OF THE INSURER'S UNDERWRITING~~
30 ~~STANDARD.~~

31 ~~(3) THE COMMISSIONER SHALL GIVE WRITTEN NOTICE OF THE~~
32 ~~HEARING TO THE INSURER AT LEAST 10 DAYS BEFORE THE HEARING.~~

33 ~~(4) THE NOTICE SHALL SPECIFY THE MATTERS TO BE~~
34 ~~CONSIDERED AT THE HEARING.~~

1 **19-208.**

2 (A) (1) AN INSURER THAT ISSUES A POLICY OF HOMEOWNER'S
3 INSURANCE MAY NOT ADOPT AN UNDERWRITING STANDARD THAT REQUIRES A
4 DEDUCTIBLE THAT EXCEEDS 5% OF THE "COVERAGE A - DWELLING LIMIT" OF
5 THE POLICY ~~LIMITS OF THE POLICY~~ IN THE CASE OF A HURRICANE OR OTHER
6 ~~RELATED~~ STORM, UNLESS:

7 (I) THE INSURER HAS FILED THE UNDERWRITING
8 STANDARD FOR APPROVAL BY THE COMMISSIONER; AND

9 (II) THE COMMISSIONER HAS APPROVED THE
10 UNDERWRITING STANDARD IN WRITING.

11 (2) THE FILING REQUIRED BY PARAGRAPH (1) OF THIS
12 SUBSECTION SHALL:

13 (I) BE MADE AT LEAST ~~120~~ 60 DAYS BEFORE THE INSURER
14 PROPOSES TO IMPLEMENT THE UNDERWRITING STANDARD IN THE STATE; AND

15 (II) INCLUDE ANY INFORMATION REQUIRED BY THE
16 COMMISSIONER, INCLUDING:

17 1. A COPY OF THE UNDERWRITING STANDARD THE
18 INSURER PROPOSES TO IMPLEMENT;

19 2. THE DATA RELIED ON BY THE INSURER IN
20 DEVELOPING THE UNDERWRITING STANDARD; AND

21 3. THE DATE ON WHICH THE INSURER INTENDS TO
22 IMPLEMENT THE UNDERWRITING STANDARD.

23 (3) AN UNDERWRITING STANDARD SUBJECT TO THIS SUBSECTION
24 MAY NOT TAKE EFFECT UNTIL ~~120~~ 60 DAYS AFTER IT IS FILED WITH THE
25 COMMISSIONER.

26 (4) DURING THE INITIAL ~~120~~ 60-DAY WAITING PERIOD, THE
27 COMMISSIONER MAY EXTEND THE WAITING PERIOD FOR AN ADDITIONAL
28 PERIOD, NOT TO EXCEED 60 DAYS, BY WRITTEN NOTICE TO THE INSURER THAT
29 THE COMMISSIONER NEEDS ADDITIONAL TIME FOR CONSIDERATION OF THE
30 FILING.

31 ~~(5) IF THE COMMISSIONER REQUIRES ADDITIONAL~~
32 ~~INFORMATION, THE WAITING PERIOD AND ANY ADDITIONAL PERIOD UNDER~~

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

3 ~~(6)~~ (5) A FILING IS DEEMED APPROVED UNLESS DISAPPROVED
 4 BY THE COMMISSIONER DURING THE WAITING PERIOD OR ANY EXTENSION OF
 5 THE WAITING PERIOD.

6 ~~(7)~~ (6) IF THE COMMISSIONER FINDS THAT COMPLIANCE WITH
 7 PARAGRAPH (3) OR (4) OF THIS SUBSECTION WOULD RESULT IN IMPAIRMENT OF
 8 THE INSURER OR A SIGNIFICANT FINANCIAL LOSS TO THE INSURER, THE
 9 COMMISSIONER MAY ALLOW AN INSURER TO IMPLEMENT ITS UNDERWRITING
 10 STANDARD ESTABLISHING A DEDUCTIBLE AT THE PERCENTAGE INDICATED IN
 11 THE FILING WITHIN 60 DAYS AFTER THE FILING OF THE UNDERWRITING
 12 STANDARD.

13 ~~(8)~~ (7) AN UNDERWRITING STANDARD SUBJECT TO THIS
 14 SUBSECTION SHALL:

15 (I) ~~BE DEMONSTRATED OBJECTIVELY; AND~~

16 (II) ~~INCLUDE CONSIDERATION OF PAST AND PROSPECTIVE~~
 17 ~~LOSS EXPERIENCE WITHIN AND OUTSIDE THE STATE.~~

18 ~~(9) THE INFORMATION FILED UNDER PARAGRAPH (2)(II)1 AND 3~~
 19 ~~OF THIS SUBSECTION SHALL BE OPEN TO PUBLIC INSPECTION AS SOON AS IT IS~~
 20 ~~FILED COMPLY WITH ALL APPLICABLE LAWS.~~

21 (B) IF AN INSURER HAS ADOPTED AN UNDERWRITING STANDARD THAT
 22 REQUIRES A DEDUCTIBLE EQUAL TO A PERCENTAGE OF THE "COVERAGE
 23 A - DWELLING LIMIT" OF THE POLICY ~~LIMITS OF THE POLICY~~ IN THE CASE OF A
 24 HURRICANE OR OTHER ~~RELATED~~ STORM, THE DEDUCTIBLE MAY ONLY BE
 25 APPLICABLE BEGINNING AT THE TIME THE NATIONAL HURRICANE CENTER OF
 26 THE NATIONAL WEATHER SERVICE ISSUES A HURRICANE WARNING FOR ANY
 27 PART OF THE ~~STATE~~ STATE WHERE THE INSURED'S HOME IS LOCATED AND
 28 ENDING 24 HOURS FOLLOWING THE TERMINATION OF THE LAST HURRICANE
 29 WARNING ISSUED FOR ANY PART OF THE ~~STATE~~ STATE IN WHICH THE
 30 INSURED'S HOME IS LOCATED.

31 (C) (1) AN INSURER THAT HAS ADOPTED AN UNDERWRITING
 32 STANDARD THAT REQUIRES A DEDUCTIBLE EQUAL TO A PERCENTAGE OF THE
 33 "COVERAGE A - DWELLING LIMIT" OF THE POLICY ~~LIMITS OF THE POLICY~~ IN
 34 THE CASE OF A HURRICANE OR OTHER ~~RELATED~~ STORM SHALL PROVIDE A
 35 POLICYHOLDER WITH AN ANNUAL STATEMENT EXPLAINING THE MANNER IN
 36 WHICH THE DEDUCTIBLE IS APPLIED.

1 **(2) THE INSURER SHALL SEND A COPY OF THE FORM USED TO**
2 **PROVIDE THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION**
3 **TO THE COMMISSIONER PRIOR TO ITS USE.**

4 (D) THE COMMISSIONER MAY ADOPT REGULATIONS TO IMPLEMENT
5 THE PROVISIONS OF THIS SECTION.

6 **19-209.**

7 (A) ~~AN INSURER SHALL OFFER A PREMIUM DISCOUNT ON A~~
8 ~~HOMEOWNER'S INSURANCE POLICY TO AN INSURED WHO SUBMITS PROOF OF~~
9 ~~IMPROVEMENTS MADE TO THE INSURED PREMISES AS A MEANS OF MITIGATING~~
10 ~~LOSS FROM A HURRICANE OR OTHER RELATED STORM.~~ **AN INSURER SHALL**
11 **OFFER AT LEAST ONE ACTUARIALLY JUSTIFIED PREMIUM DISCOUNT ON A**
12 **POLICY OF HOMEOWNER'S INSURANCE TO A POLICYHOLDER WHO SUBMITS**
13 **PROOF OF IMPROVEMENTS MADE TO THE INSURED PREMISES AS A MEANS OF**
14 **MITIGATING LOSS FROM A HURRICANE OR OTHER STORM.**

15 **(B) MEANS OF MITIGATING LOSS INCLUDE:**

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

17 **(I) HURRICANE SHUTTERS;**

18 **(II) SECONDARY WATER BARRIER;**

19 **(III) REINFORCED ROOF COVERINGS;**

20 **(IV) BRACED GABLE ENDS;**

21 **(V) REINFORCED ROOF TO WALL CONNECTIONS;**

22 **(VI) TIE DOWNS; AND**

23 **(VII) REINFORCED OPENING PROTECTIONS;**

24 **(2) REPAIR OR REPLACEMENT OF:**

25 **(I) EXTERIOR DOORS, INCLUDING GARAGE DOORS;**

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

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

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

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

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

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

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

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

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

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

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

28 (2) THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS
29 SUBSECTION MAY BE SENT WITH THE STATEMENT REQUIRED UNDER § 19-205
30 OF THIS SUBTITLE.

31 ~~(B)~~ (G) THE COMMISSIONER MAY ADOPT REGULATIONS TO
32 IMPLEMENT THE PROVISIONS OF THIS SECTION.

1 **19-210.**

2 (A) (1) IF AN INSURER USES A CATASTROPHIC RISK PLANNING MODEL OR
 3 OTHER MODEL IN SETTING HOMEOWNER'S INSURANCE RATES OR REFUSING TO
 4 ISSUE OR RENEW HOMEOWNER'S INSURANCE BECAUSE OF THE GEOGRAPHIC
 5 LOCATION OF THE RISK, THE INSURER SHALL:

6 ~~(1)~~ (I) FILE WITH THE COMMISSIONER A DESCRIPTION OF THE
 7 SPECIFIC MODEL USED IN SETTING THE RATE OR REFUSING TO ISSUE OR RENEW
 8 HOMEOWNER'S INSURANCE BECAUSE OF THE GEOGRAPHIC LOCATION OF THE
 9 RISK; AND

10 ~~(2) EXPLAIN THE MANNER IN WHICH THE MODEL WAS USED TO~~
 11 ~~DETERMINE THE FILED RATE~~

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

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

19 (B) THE INFORMATION FILED UNDER SUBSECTION (A) OF THIS SECTION
 20 IS PROPRIETARY AND CONFIDENTIAL COMMERCIAL INFORMATION UNDER §
 21 10-617(D) OF THE STATE GOVERNMENT ARTICLE.

22 (C) THE COMMISSIONER MAY ADOPT REGULATIONS TO IMPLEMENT
 23 THE PROVISIONS OF THIS SECTION.

24 **19-211.**

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

27 (2) (I) "MATERIAL REDUCTION" MEANS DURING A 1-YEAR
 28 PERIOD, ~~THE GREATER OF:~~

29 ~~1~~ A REDUCTION OF HOMEOWNER'S INSURANCE
 30 POLICIES IN FORCE, ~~BY 5%~~ FOR AN INSURER ON A STATEWIDE BASIS BY 3% OR
 31 MORE DUE TO CANCELLATIONS OR NONRENEWALS SOLELY BECAUSE THE
 32 SUBJECT OF THE RISK OR THE INSURED'S ADDRESS IS LOCATED IN A CERTAIN
 33 GEOGRAPHIC AREA OF THE STATE; ~~AND~~

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

3 (II) “MATERIAL REDUCTION” DOES NOT INCLUDE A
4 HOMEOWNER'S INSURANCE POLICY:

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

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

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

13 (II) “MINIMIZES MARKET DISRUPTION” INCLUDES:

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

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

20 3. ANY ACTIONS SERVING TO MINIMIZE MARKET
21 DISRUPTION.

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

25 (2) THE PLAN SHALL:

26 (I) DESCRIBE THE INSURER'S CONTEMPLATED ACTIONS;

27 (II) SET FORTH THE REASONS FOR THE ACTIONS;

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

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

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

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

11 ~~(3) IF THE COMMISSIONER REQUIRES ADDITIONAL~~
12 ~~INFORMATION, THE WAITING PERIOD AND ANY ADDITIONAL PERIOD UNDER~~
13 ~~THIS SECTION SHALL BE TOLLED AND SHALL BEGIN AGAIN ON THE DATE THE~~
14 ~~NEEDED INFORMATION IS RECEIVED.~~

15 ~~(4)~~ (3) A FILING IS DEEMED APPROVED UNLESS DISAPPROVED
16 BY THE COMMISSIONER DURING THE WAITING PERIOD OR ANY EXTENSION OF
17 THE WAITING PERIOD.

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

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

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

30 (1) EACH COUNTY OF THE STATE; AND

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

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

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

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

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

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

12 **(H) THE COMMISSIONER MAY ADOPT REGULATIONS TO IMPLEMENT**
13 **THE PROVISIONS OF THIS SECTION.**

14 SECTION 2. AND BE IT FURTHER ENACTED, That the Maryland
15 Department of ~~Planning~~ Housing and Community Development shall review current
16 statewide building codes and develop enhanced building codes for coastal regions of
17 the State that promote disaster-resistant construction in the coastal regions of the
18 State. The Department shall report their findings and recommendations, subject to §
19 2-1246 of the State Government Article, to the Senate Finance Committee and House
20 Economic Matters Committee on or before October 1, 2010. The enhanced building
21 codes shall be provided to the planning boards of the counties in the coastal areas of
22 the State.

23 SECTION 3. AND BE IT FURTHER ENACTED, That, *except as provided in*
24 *Section 4 of this Act*, this Act shall apply to all homeowner's insurance policies issued,
25 delivered, or renewed in the State on or after October 1, 2008.

26 **SECTION 4. AND BE IT FURTHER ENACTED, That the provisions of §**
27 **19-209 of the Insurance Article as enacted by this Act shall apply to all homeowner's**
28 **insurance policies issued, delivered, or renewed in the State on or after June 1, 2009.**

29 SECTION ~~4~~ 5. AND BE IT FURTHER ENACTED, That this Act shall take
30 effect October 1, 2008.