

HOUSE BILL 1353

C4

8lr2279

By: **Delegates Rudolph, Impallaria, and Mathias**

Introduced and read first time: February 8, 2008

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 18, 2008

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;~~
16 ~~requiring the Commissioner to give certain notice of the hearing; prohibiting an~~
17 ~~insurer from adopting an underwriting standard that requires a certain~~
18 ~~deductible unless the insurer has made a certain filing and obtained approval~~
19 ~~from the Commissioner; providing that if an insurer has adopted a certain~~
20 ~~underwriting standard that requires a deductible equal to a percentage of the~~
21 ~~policy limits of a policy, the deductible may only be applicable during a certain~~
22 ~~time; requiring an insurer that has adopted a certain underwriting standard to~~
23 ~~send a certain annual statement; requiring certain insurers to offer a certain~~
24 ~~premium discount ~~under certain circumstances~~ to certain policyholders who~~
25 ~~submit certain proof of certain improvements made to a certain insured~~
26 ~~premises; requiring certain improvements to be completed by certain licensed~~

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 contractors; authorizing an insurer to inspect certain improvements; requiring
 2 certain premium discounts to be in compliance with certain provisions of law;
 3 requiring certain insurers to provide a certain annual statement; requiring
 4 certain insurers that use catastrophic risk planning or other models in setting
 5 rates to file certain information with the Commissioner and ~~explain certain~~
 6 ~~information~~ make certain arrangements; providing that certain information is
 7 proprietary and confidential commercial information under a certain provision
 8 of law; authorizing the Commissioner to adopt certain regulations; requiring a
 9 certain insurer to file a certain plan at a certain time; providing for the contents
 10 of the plan; prohibiting the plan from taking effect until a certain time after a
 11 certain filing; authorizing the Commissioner to extend a certain waiting period
 12 for a certain time upon a certain notice; providing that a certain filing is deemed
 13 approved unless disapproved by a certain time; authorizing the Commissioner
 14 to allow a certain insurer to implement a certain plan within a certain time;
 15 requiring the Commissioner to approve the plan under certain circumstances;
 16 requiring the Commissioner to assess a certain impact; requiring the
 17 Commissioner to state certain points of objection and certain amendments
 18 under certain circumstances; requiring a certain insurer to file a certain
 19 amended plan within a certain time; prohibiting any intended withdrawal in
 20 accordance with a certain plan until a certain plan is approved; defining certain
 21 terms; requiring the Maryland Department of ~~Planning~~ Housing and
 22 Community Development to conduct a certain review and make a certain report
 23 by a certain date; providing for the application of this Act; and generally
 24 relating to coastal property insurance.

25 ~~BY repealing and reenacting, with amendments,~~
 26 ~~Article – Insurance~~
 27 ~~Section 19–107~~
 28 ~~Annotated Code of Maryland~~
 29 ~~(2006 Replacement Volume and 2007 Supplement)~~

30 BY adding to
 31 Article – Insurance
 32 Section 19–208 through ~~19–210~~ 19–211
 33 Annotated Code of Maryland
 34 (2006 Replacement Volume and 2007 Supplement)

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

37 **Article – Insurance**

38 ~~19–107.~~

39 ~~(a) An insurer may not refuse to issue or renew a contract of motor vehicle~~
 40 ~~insurance, property insurance, or casualty insurance OR EXCLUDE CERTAIN PERILS~~

1 ~~solely because the subject of the risk or the applicant's or insured's address is located~~
2 ~~in a certain geographic area of the State unless:~~

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

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

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

10 ~~(3) **THE COMMISSIONER HAS APPROVED THE UNDERWRITING**~~
11 ~~**STANDARD IN WRITING.**~~

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

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

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

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

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

25 ~~(4) **THE DATE ON WHICH THE INSURER INTENDS TO IMPLEMENT**~~
26 ~~**THE UNDERWRITING STANDARD.**~~

27 ~~(d) (1) **EXCEPT AS PROVIDED IN THIS SECTION, AN UNDERWRITING**~~
28 ~~**STANDARD SUBJECT TO THIS SECTION MAY NOT TAKE EFFECT UNTIL 120 DAYS**~~
29 ~~**AFTER IT IS FILED WITH THE COMMISSIONER.**~~

30 ~~(2) **DURING THE INITIAL 120-DAY WAITING PERIOD, THE**~~
31 ~~**COMMISSIONER MAY EXTEND THE WAITING PERIOD FOR AN ADDITIONAL**~~
32 ~~**PERIOD, NOT TO EXCEED 60 DAYS, BY WRITTEN NOTICE TO THE INSURER THAT**~~

1 ~~THE COMMISSIONER NEEDS ADDITIONAL TIME FOR CONSIDERATION OF THE~~
2 ~~FILING.~~

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

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

10 ~~(E) IF THE COMMISSIONER FINDS THAT COMPLIANCE WITH~~
11 ~~SUBSECTION (B) OR (D) OF THIS SECTION WOULD RESULT IN IMPAIRMENT OF~~
12 ~~THE INSURER OR A SIGNIFICANT FINANCIAL LOSS TO THE INSURER, THE~~
13 ~~COMMISSIONER MAY ALLOW AN INSURER TO IMPLEMENT ITS UNDERWRITING~~
14 ~~STANDARD DESIGNATING THE GEOGRAPHIC AREAS IN WHICH IT WILL RESTRICT~~
15 ~~ITS WRITINGS WITHIN 60 DAYS AFTER THE FILING OF THE UNDERWRITING~~
16 ~~STANDARD.~~

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

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

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

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

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

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

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

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

4 ~~(2) UNLESS THE INSURER DEMONSTRATES THAT ITS PROPOSED~~
5 ~~UNDERWRITING STANDARD, INCLUDING ITS GEOGRAPHIC DESIGNATION, MEETS~~
6 ~~THE REQUIREMENTS OF THIS SECTION, THE COMMISSIONER MAY DISAPPROVE~~
7 ~~THE FILING AND PROHIBIT THE INSURER FROM IMPLEMENTING THE~~
8 ~~UNDERWRITING STANDARD.~~

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

13 ~~(I) (1) IF, AFTER AN UNDERWRITING STANDARD SUBJECT TO THIS~~
14 ~~SECTION HAS BEEN APPROVED OR OTHERWISE HAS BECOME EFFECTIVE, THE~~
15 ~~COMMISSIONER HAS REASON TO BELIEVE THAT THE UNDERWRITING STANDARD~~
16 ~~NO LONGER MEETS THE CRITERIA SET FORTH IN SUBSECTION (F) OF THIS~~
17 ~~SECTION, THE COMMISSIONER MAY ORDER THE INSURER TO JUSTIFY THE~~
18 ~~STANDARD.~~

19 ~~(2) THE COMMISSIONER SHALL HOLD A HEARING BEFORE~~
20 ~~ISSUING AN ORDER REVOKING APPROVAL OF THE INSURER'S UNDERWRITING~~
21 ~~STANDARD.~~

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

24 ~~(4) THE NOTICE SHALL SPECIFY THE MATTERS TO BE~~
25 ~~CONSIDERED AT THE HEARING.~~

26 **19-208.**

27 (A) (1) AN INSURER MAY NOT ADOPT AN UNDERWRITING STANDARD
28 THAT REQUIRES A DEDUCTIBLE THAT EXCEEDS 5% OF THE POLICY LIMITS OF
29 THE POLICY IN THE CASE OF A HURRICANE OR OTHER RELATED STORM,
30 UNLESS:

31 (I) THE INSURER HAS FILED THE UNDERWRITING
32 STANDARD FOR APPROVAL BY THE COMMISSIONER; AND

33 (II) THE COMMISSIONER HAS APPROVED THE
34 UNDERWRITING STANDARD IN WRITING.

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

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

5 **(II) INCLUDE ANY INFORMATION REQUIRED BY THE**
6 **COMMISSIONER, INCLUDING:**

7 **1. A COPY OF THE UNDERWRITING STANDARD THE**
8 **INSURER PROPOSES TO IMPLEMENT;**

9 **2. THE DATA RELIED ON BY THE INSURER IN**
10 **DEVELOPING THE UNDERWRITING STANDARD; AND**

11 **3. THE DATE ON WHICH THE INSURER INTENDS TO**
12 **IMPLEMENT THE UNDERWRITING STANDARD.**

13 **(3) AN UNDERWRITING STANDARD SUBJECT TO THIS SUBSECTION**
14 **MAY NOT TAKE EFFECT UNTIL ~~120~~ 60 DAYS AFTER IT IS FILED WITH THE**
15 **COMMISSIONER.**

16 **(4) DURING THE INITIAL ~~120~~ 60-DAY WAITING PERIOD, THE**
17 **COMMISSIONER MAY EXTEND THE WAITING PERIOD FOR AN ADDITIONAL**
18 **PERIOD, NOT TO EXCEED 60 DAYS, BY WRITTEN NOTICE TO THE INSURER THAT**
19 **THE COMMISSIONER NEEDS ADDITIONAL TIME FOR CONSIDERATION OF THE**
20 **FILING.**

21 **(5) IF THE COMMISSIONER REQUIRES ADDITIONAL**
22 **INFORMATION, THE WAITING PERIOD AND ANY ADDITIONAL PERIOD UNDER**
23 **THIS SECTION SHALL BE TOLLED AND SHALL BEGIN AGAIN ON THE DATE THE**
24 **NEEDED INFORMATION IS RECEIVED.**

25 **(6) A FILING IS DEEMED APPROVED UNLESS DISAPPROVED BY**
26 **THE COMMISSIONER DURING THE WAITING PERIOD OR ANY EXTENSION OF THE**
27 **WAITING PERIOD.**

28 **(7) IF THE COMMISSIONER FINDS THAT COMPLIANCE WITH**
29 **PARAGRAPH (3) OR (4) OF THIS SUBSECTION WOULD RESULT IN IMPAIRMENT OF**
30 **THE INSURER OR A SIGNIFICANT FINANCIAL LOSS TO THE INSURER, THE**
31 **COMMISSIONER MAY ALLOW AN INSURER TO IMPLEMENT ITS UNDERWRITING**
32 **STANDARD ESTABLISHING A DEDUCTIBLE AT THE PERCENTAGE INDICATED IN**
33 **THE FILING WITHIN 60 DAYS AFTER THE FILING OF THE UNDERWRITING**
34 **STANDARD.**

1 (8) AN UNDERWRITING STANDARD SUBJECT TO THIS SUBSECTION
2 SHALL:

3 (I) BE DEMONSTRATED OBJECTIVELY; AND

4 (II) INCLUDE CONSIDERATION OF PAST AND PROSPECTIVE
5 LOSS EXPERIENCE WITHIN AND OUTSIDE THE STATE.

6 (9) THE INFORMATION FILED UNDER PARAGRAPH (2)(II)1 AND 3
7 OF THIS SUBSECTION SHALL BE OPEN TO PUBLIC INSPECTION AS SOON AS IT IS
8 FILED.

9 (B) IF AN INSURER HAS ADOPTED AN UNDERWRITING STANDARD THAT
10 REQUIRES A DEDUCTIBLE EQUAL TO A PERCENTAGE OF THE POLICY LIMITS OF
11 THE POLICY IN THE CASE OF A HURRICANE OR OTHER ~~RELATED~~ STORM, THE
12 DEDUCTIBLE MAY ONLY BE APPLICABLE BEGINNING AT THE TIME THE
13 NATIONAL HURRICANE CENTER OF THE NATIONAL WEATHER SERVICE ISSUES
14 A HURRICANE WARNING FOR ANY PART OF THE ~~STATE~~ STATE WHERE THE
15 INSURED'S HOME IS LOCATED AND ENDING 24 HOURS FOLLOWING THE
16 TERMINATION OF THE LAST HURRICANE WARNING ISSUED FOR ANY PART OF
17 THE ~~STATE~~ STATE IN WHICH THE INSURED'S HOME IS LOCATED.

18 (C) AN INSURER THAT HAS ADOPTED AN UNDERWRITING STANDARD
19 THAT REQUIRES A DEDUCTIBLE EQUAL TO A PERCENTAGE OF THE POLICY
20 LIMITS OF THE POLICY IN THE CASE OF A HURRICANE OR OTHER ~~RELATED~~
21 STORM SHALL PROVIDE A POLICYHOLDER WITH AN ANNUAL STATEMENT
22 EXPLAINING THE MANNER IN WHICH THE DEDUCTIBLE IS APPLIED.

23 (D) THE COMMISSIONER MAY ADOPT REGULATIONS TO IMPLEMENT
24 THE PROVISIONS OF THIS SECTION.

25 **19-209.**

26 (A) ~~AN INSURER SHALL OFFER A PREMIUM DISCOUNT ON A~~
27 ~~HOMEOWNER'S INSURANCE POLICY TO AN INSURED WHO SUBMITS PROOF OF~~
28 ~~IMPROVEMENTS MADE TO THE INSURED PREMISES AS A MEANS OF MITIGATING~~
29 ~~LOSS FROM A HURRICANE OR OTHER RELATED STORM~~ AN INSURER SHALL
30 OFFER AT LEAST ONE ACTUARIALLY JUSTIFIED PREMIUM DISCOUNT ON A
31 POLICY OF HOMEOWNER'S INSURANCE TO A POLICYHOLDER WHO SUBMITS
32 PROOF OF IMPROVEMENTS MADE TO THE INSURED PREMISES AS A MEANS OF
33 MITIGATING LOSS FROM A HURRICANE OR OTHER STORM.

34 (B) MEANS OF MITIGATING LOSS INCLUDE:

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

- 1 **(I) HURRICANE SHUTTERS;**
- 2 **(II) SECONDARY WATER BARRIER;**
- 3 **(III) REINFORCED ROOF COVERINGS;**
- 4 **(IV) BRACED GABLE ENDS;**
- 5 **(V) REINFORCED ROOF TO WALL CONNECTIONS;**
- 6 **(VI) TIE DOWNS; AND**
- 7 **(VII) REINFORCED OPENING PROTECTIONS;**
- 8 **(2) REPAIR OR REPLACEMENT OF:**
- 9 **(I) EXTERIOR DOORS, INCLUDING GARAGE DOORS;**
- 10 **(II) HURRICANE RESISTANT TRUSSES, STUDS, AND OTHER**
11 **STRUCTURAL COMPONENTS; AND**
- 12 **(III) REPAIR OR REPLACEMENT OF MANUFACTURED HOME**
13 **PIERS, ANCHORS, AND TIE DOWN STRAPS; AND**
- 14 **(3) ANY MITIGATION EFFORT THAT MATERIALLY MITIGATES LOSS**
15 **FROM A HURRICANE OR OTHER STORM OTHERWISE COVERED UNDER THE**
16 **POLICY.**
- 17 **(C) IMPROVEMENTS MADE TO AN INSURED PREMISES UNDER THIS**
18 **SECTION SHALL BE COMPLETED BY A CONTRACTOR LICENSED BY THE**
19 **DEPARTMENT OF LABOR, LICENSING, AND REGULATION.**
- 20 **(D) (1) AN INSURER SHALL BE ALLOWED TO INSPECT THE**
21 **IMPROVEMENTS THAT ARE THE BASIS OF A PREMIUM DISCOUNT UNDER THIS**
22 **SECTION.**
- 23 **(2) (I) VERIFICATION OF IMPROVEMENTS THAT ARE THE BASIS**
24 **OF A PREMIUM DISCOUNT UNDER THIS SECTION RESTS WITH THE INSURER.**
- 25 **(II) AN INSURER MAY ACCEPT AN INSPECTION CERTIFICATE**
26 **ISSUED BY A GOVERNMENTAL AGENCY AS VERIFICATION OF IMPROVEMENTS**
27 **THAT ARE THE BASIS OF A PREMIUM DISCOUNT UNDER THIS SECTION.**
- 28 **(E) A PREMIUM DISCOUNT OFFERED UNDER THIS SECTION SHALL:**

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

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

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

11 **(2) THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS**
12 **SUBSECTION MAY BE SENT WITH THE STATEMENT REQUIRED UNDER § 19-205**
13 **OF THIS SUBTITLE.**

14 **(B) (G) THE COMMISSIONER MAY ADOPT REGULATIONS TO**
15 **IMPLEMENT THE PROVISIONS OF THIS SECTION.**

16 **19-210.**

17 **(A) (1) IF AN INSURER USES A CATASTROPHIC RISK PLANNING MODEL OR**
18 **OTHER MODEL IN SETTING RATES, THE INSURER SHALL:**

19 **(1) FILE WITH THE COMMISSIONER A DESCRIPTION OF THE**
20 **SPECIFIC MODEL USED IN SETTING THE RATE; AND**

21 **(2) EXPLAIN THE MANNER IN WHICH THE MODEL WAS USED TO**
22 **DETERMINE THE FILED RATE**

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

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

30 **(B) THE INFORMATION FILED UNDER SUBSECTION (A) OF THIS SECTION**
31 **IS PROPRIETARY AND CONFIDENTIAL COMMERCIAL INFORMATION UNDER §**
32 **10-617(D) OF THE STATE GOVERNMENT ARTICLE.**

1 (C) THE COMMISSIONER MAY ADOPT REGULATIONS TO IMPLEMENT
2 THE PROVISIONS OF THIS SECTION.

3 **19-211.**

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

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

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

10 2. A REDUCTION IN THE NET NUMBER OF
11 HOMEOWNER’S INSURANCE POLICIES BY 100.

12 (II) “MATERIAL REDUCTION” DOES NOT INCLUDE A
13 HOMEOWNER’S INSURANCE POLICY:

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

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

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

22 (II) “MINIMIZES MARKET DISRUPTION” INCLUDES:

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

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

29 3. ANY ACTIONS SERVING TO MINIMIZE MARKET
30 DISRUPTION.

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

4 **(2) THE PLAN SHALL:**

5 **(I) DESCRIBE THE INSURER'S CONTEMPLATED ACTIONS;**

6 **(II) SET FORTH THE REASONS FOR THE ACTIONS;**

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

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

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

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

19 **(3) IF THE COMMISSIONER REQUIRES ADDITIONAL**
20 **INFORMATION, THE WAITING PERIOD AND ANY ADDITIONAL PERIOD UNDER**
21 **THIS SECTION SHALL BE TOLLED AND SHALL BEGIN AGAIN ON THE DATE THE**
22 **NEEDED INFORMATION IS RECEIVED.**

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

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

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

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

4 (1) EACH COUNTY OF THE STATE; AND

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

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

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

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

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

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

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

22 SECTION 2. AND BE IT FURTHER ENACTED, That the Maryland
23 Department of ~~Planning~~ Housing and Community Development shall review current
24 statewide building codes and develop enhanced building codes for coastal regions of
25 the State that promote disaster-resistant construction in the coastal regions of the
26 State. The Department shall report their findings and recommendations, subject to §
27 2-1246 of the State Government Article, to the Senate Finance Committee and House
28 Economic Matters Committee on or before October 1, 2010. The enhanced building
29 codes shall be provided to the planning boards of the counties in the coastal areas of
30 the State.

31 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall apply to all
32 homeowner's insurance policies issued, delivered, or renewed in the State on or after
33 October 1, 2008.

1 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2008.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.