

HOUSE BILL 1088

C4

0lr3003
CF SB 906

By: **Delegates Minnick, Olszewski, Weir, Barkley, Boteler, Burns, Conaway, DeBoy, Feldman, Haddaway, Harrison, Haynes, Jameson, Kelly, King, Kirk, Krysiak, Love, Manno, Mathias, McHale, Miller, Robinson, Rudolph, Stukes, and Tarrant**

Introduced and read first time: February 17, 2010

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Homeowner's Insurance – Offer of Coverage for Loss Caused by Discharge of**
3 **Water**

4 FOR the purpose of requiring certain insurers to offer in writing, at time of application
5 and renewal, to provide coverage for loss that is caused by or results from a
6 discharge of water from a certain system or source; requiring certain insurers to
7 include a certain statement with the offer; providing that if an application or
8 renewal is made by telephone, an insurer is deemed to be in compliance with a
9 certain provision of this Act under certain circumstances; providing that if an
10 application or renewal is made using the Internet, an insurer is deemed to be in
11 compliance with a certain provision of this Act under certain circumstances;
12 providing for the application of this Act; requiring certain insurers to submit
13 certain annual reports to the Maryland Insurance Administration; and
14 generally relating to homeowner's insurance and offers of coverage for loss
15 caused by a discharge of water.

16 BY adding to

17 Article – Insurance

18 Section 19–213

19 Annotated Code of Maryland

20 (2006 Replacement Volume and 2009 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**

24 **19–213.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(A) (1) AN INSURER THAT ISSUES, SELLS, OR DELIVERS A**
2 **HOMEOWNER’S INSURANCE POLICY IN THE STATE SHALL, AT TIME OF**
3 **APPLICATION AND RENEWAL, OFFER IN WRITING TO PROVIDE COVERAGE FOR**
4 **LOSS THAT:**

5 **(I) IS CAUSED BY OR RESULTS FROM A DISCHARGE OF**
6 **WATER FROM A PLUMBING SYSTEM OR PLUMBING SOURCE, INCLUDING A**
7 **DISCHARGE FROM A WATER MAIN BREAK, WHETHER THE PLUMBING SYSTEM OR**
8 **SOURCE IS LOCATED ON OR OFF THE INSURED PREMISES; AND**

9 **(II) IS NOT CAUSED BY THE NEGLIGENCE OF THE INSURED.**

10 **(2) AN INSURER SHALL INCLUDE THE FOLLOWING STATEMENT IN**
11 **THE OFFER REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION:**

12 **“THIS COVERAGE IS FOR LOSS THAT IS CAUSED BY OR RESULTS FROM A**
13 **DISCHARGE OF WATER FROM A PLUMBING SYSTEM OR PLUMBING SOURCE,**
14 **INCLUDING A DISCHARGE FROM A WATER MAIN BREAK, WHETHER THE**
15 **PLUMBING SYSTEM OR SOURCE IS LOCATED ON OR OFF THE INSURED**
16 **PREMISES.”.**

17 **(B) IF AN APPLICATION OR RENEWAL IS MADE BY TELEPHONE, THE**
18 **INSURER IS DEEMED TO BE IN COMPLIANCE WITH SUBSECTION (A) OF THIS**
19 **SECTION IF, WITHIN 7 CALENDAR DAYS AFTER THE DATE OF THE APPLICATION**
20 **OR RENEWAL, THE INSURER SENDS BY CERTIFICATE OF MAILING THE OFFER TO**
21 **THE APPLICANT OR INSURED.**

22 **(C) IF AN APPLICATION OR RENEWAL IS MADE USING THE INTERNET,**
23 **THE INSURER IS DEEMED TO BE IN COMPLIANCE WITH SUBSECTION (A) OF THIS**
24 **SECTION IF THE INSURER PROVIDES THE OFFER TO THE APPLICANT OR**
25 **INSURED PRIOR TO SUBMISSION OF THE APPLICATION OR RENEWAL.**

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to
27 all homeowner’s insurance policies issued, delivered, or renewed in the State on or
28 after October 1, 2010.

29 SECTION 3. AND BE IT FURTHER ENACTED, That, on or before October 1
30 of each year beginning with October 1, 2011, an insurer that issues, sells, or delivers a
31 homeowner’s insurance policy in the State shall report to the Maryland Insurance
32 Administration on:

33 (1) the number of new and renewal applicants who elect to purchase
34 the coverage described in Section 1 of this Act; and

1 (2) the average premium assessed by the insurer for the insurer's book
2 of business in the State for the coverage described in Section 1 of this Act.

3 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take
4 effect October 1, 2010.