

HOUSE BILL 548

C4

11r1894

By: **Delegate Braveboy**

Introduced and read first time: February 8, 2011

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Homeowner's Insurance – Notice of Underwriting Standards**

3 FOR the purpose of altering a certain annual statement that an insurer that issues or
4 delivers policies of homeowner's insurance in the State must provide to
5 policyholders to require the statement to summarize the insurer's underwriting
6 standards for insurance eligibility; requiring the statement to include a certain
7 disclosure that states that the policyholder should communicate with certain
8 persons for additional information regarding the insurer's underwriting
9 standards for insurance eligibility; providing for the application of this Act; and
10 generally relating to providing notice to policyholders of underwriting standards
11 for insurance eligibility under policies of homeowner's insurance.

12 BY repealing and reenacting, with amendments,
13 Article – Insurance
14 Section 19–205
15 Annotated Code of Maryland
16 (2006 Replacement Volume and 2010 Supplement)

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

19 **Article – Insurance**

20 19–205.

21 (a) (1) An insurer shall provide a policyholder with an annual statement
22 that summarizes:

23 **(I) THE INSURER'S UNDERWRITING STANDARDS FOR**
24 **INSURANCE ELIGIBILITY;**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (II) the coverages and exclusions under the policy issued by the
2 insurer.

3 (2) The insurer's statement shall be clear and specific.

4 (3) The insurer's statement shall state whether the coverages under
5 the policy provide for replacement cost, actual cash value, or other method of loss
6 payment for covered structures and contents.

7 (4) The insurer's statement shall include a disclosure that states:

8 (i) the policyholder should read the policy for complete
9 information on coverages and exclusions;

10 (ii) the policyholder should refer to the declarations page for a
11 listing of coverages purchased;

12 (iii) the policyholder should communicate with the insurance
13 producer or the insurer for any additional information regarding the **INSURER'S**
14 **UNDERWRITING STANDARDS FOR INSURANCE ELIGIBILITY AND THE** scope of
15 coverages in the policy;

16 (iv) the statement does not include additional optional coverage
17 purchased by the policyholder, if any;

18 (v) the statement is not part of the policy or contract of
19 insurance and does not create a private right of action;

20 (vi) all rights, duties, and obligations are controlled by the policy
21 and contract of insurance; and

22 (vii) the standard homeowner's insurance policy does not cover
23 losses from flood.

24 (b) The statement under subsection (a) of this section:

25 (1) is not part of the policy or contract of insurance; and

26 (2) does not create a private right of action.

27 (c) The Commissioner may adopt regulations to implement the provisions of
28 this section.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
30 policies of homeowner's insurance issued, delivered, or renewed in the State on or after
31 October 1, 2011.

1 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2011.