

SENATE BILL 136

C4

1lr1235

By: **Senator Stone**

Introduced and read first time: January 24, 2011

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Homeowner's Insurance – Coverage for Loss from Discharge of Water –**
3 **Required Notice by Insurer**

4 FOR the purpose of requiring an insurer that sells or negotiates homeowner's
5 insurance in the State to provide to an applicant or insured, at a specified time,
6 a certain notice that states whether the insurer's standard homeowner's
7 insurance policy provides coverage for loss caused by or resulting from certain
8 discharges of water; requiring the notice to include a certain statement if an
9 insurer's standard homeowner's insurance policy does not provide coverage for
10 certain loss; specifying the circumstances under which an insurer is deemed to
11 be in compliance with certain notice requirements for applications or renewals
12 made by telephone or using the Internet; providing for the application of this
13 Act; and generally relating to notices of coverage under homeowner's insurance
14 policies.

15 BY adding to
16 Article – Insurance
17 Section 19–214
18 Annotated Code of Maryland
19 (2006 Replacement Volume and 2010 Supplement)

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

22 **Article – Insurance**

23 **19–214.**

24 **(A) AN INSURER THAT SELLS OR NEGOTIATES HOMEOWNER'S**
25 **INSURANCE IN THE STATE SHALL PROVIDE TO AN APPLICANT OR INSURED, AT**
26 **THE TIME OF APPLICATION OR RENEWAL, A WRITTEN NOTICE THAT STATES**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 WHETHER THE INSURER'S STANDARD HOMEOWNER'S INSURANCE POLICY
2 PROVIDES COVERAGE FOR LOSS THAT:

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

7 (2) IS NOT CAUSED BY THE NEGLIGENCE OF THE INSURED.

8 (B) IF AN INSURER'S STANDARD HOMEOWNER'S INSURANCE POLICY
9 DOES NOT PROVIDE COVERAGE FOR THE LOSS DESCRIBED IN SUBSECTION (A)
10 OF THIS SECTION, THE NOTICE REQUIRED UNDER SUBSECTION (A) OF THIS
11 SECTION SHALL STATE THAT:

12 (1) THE COVERAGE MAY BE AVAILABLE THROUGH THE NATIONAL
13 FLOOD INSURANCE PROGRAM OR OTHER SOURCES; AND

14 (2) THE APPLICANT OR INSURED MAY WISH TO CONSULT WITH AN
15 INSURANCE PRODUCER OR OTHERS KNOWLEDGEABLE ABOUT HOMEOWNER'S
16 INSURANCE FOR ADDITIONAL INFORMATION ABOUT THE COVERAGE.

17 (C) IF AN APPLICATION OR RENEWAL IS MADE BY TELEPHONE OR USING
18 THE INTERNET, AN INSURER IS DEEMED TO BE IN COMPLIANCE WITH THIS
19 SECTION IF, WITHIN 7 CALENDAR DAYS AFTER THE DATE OF APPLICATION OR
20 RENEWAL, THE INSURER SENDS THE NOTICE REQUIRED UNDER THIS SECTION
21 TO THE APPLICANT OR INSURED.

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

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