

Chapter 699

(House Bill 1068)

AN ACT concerning

Homeowner's Insurance – Limitation on Number of Claims Made – Notice

FOR the purpose of requiring certain insurers that issue policies of homeowner's insurance in the State to provide applicants and insureds with a notice that states ~~the number of claims that may be made under a policy of homeowner's insurance before the insurer cancels or refuses~~ certain claim-related grounds under which the insurer may cancel or refuse to renew the policy; requiring insurers to provide the notice at certain times and in a certain manner; ~~providing that insurers are deemed to be in compliance with the notice requirement under certain circumstances; authorizing a notice required to be sent by certificate of mailing to be sent with a certain other required notice and statement;~~ providing for the application of this Act; and generally relating to notice of the limitation on the number of claims that may be made under policies of homeowner's insurance.

BY adding to

Article – Insurance
Section 19–214
Annotated Code of Maryland
(2011 Replacement Volume)

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

Article – Insurance

19–214.

~~(A) (1) IF AN INSURER THAT ISSUES POLICIES OF HOMEOWNER'S INSURANCE IN THE STATE CONSIDERS CLAIMS HISTORY FOR THE PURPOSE OF CANCELLING OR REFUSING TO RENEW COVERAGE, THE INSURER SHALL PROVIDE AN APPLICANT OR INSURED WITH A WRITTEN NOTICE THAT STATES THE NUMBER OF CLAIMS THAT MAY BE MADE UNDER A POLICY OF HOMEOWNER'S INSURANCE BEFORE THE INSURER CANCELS OR REFUSES TO RENEW THE POLICY.~~

~~(2) THE INSURER SHALL PROVIDE THE NOTICE REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION.~~

~~(I) AT THE TIME OF APPLICATION FOR HOMEOWNER'S INSURANCE; AND~~

~~(II) WITH EACH RENEWAL OF THE POLICY OF HOMEOWNER'S INSURANCE.~~

~~(B) (1) IF AN APPLICATION FOR HOMEOWNER'S INSURANCE IS MADE BY TELEPHONE, THE INSURER IS DEEMED TO BE IN COMPLIANCE WITH SUBSECTION (A)(2)(I) OF THIS SECTION IF, WITHIN 7 CALENDAR DAYS AFTER THE DATE OF APPLICATION, THE INSURER SENDS BY CERTIFICATE OF MAILING THE NOTICE TO THE APPLICANT.~~

~~(2) IF AN APPLICATION FOR HOMEOWNER'S INSURANCE IS MADE USING THE INTERNET, THE INSURER IS DEEMED TO BE IN COMPLIANCE WITH SUBSECTION (A)(2)(I) OF THIS SECTION IF THE INSURER PROVIDES THE NOTICE TO THE APPLICANT PRIOR TO THE SUBMISSION OF THE APPLICATION.~~

~~(C) A NOTICE REQUIRED TO BE SENT BY CERTIFICATE OF MAILING UNDER SUBSECTION (B)(1) OF THIS SECTION MAY BE SENT WITH THE NOTICE REQUIRED UNDER § 19-206 OF THIS SUBTITLE AND THE STATEMENT REQUIRED UNDER § 19-207 OF THIS SUBTITLE.~~

(A) AN INSURER THAT OFFERS HOMEOWNER'S INSURANCE IN THE STATE SHALL PROVIDE A WRITTEN NOTICE TO THE INSURED AT THE TIME OF APPLICATION OR ISSUANCE AND AT EACH RENEWAL OF THE POLICY THAT STATES, IN SUBSTANTIALLY SIMILAR LANGUAGE, THAT, IN ADDITION TO THE OTHER ALLOWABLE REASONS FOR CANCELLATION OR REFUSAL TO RENEW UNDER MARYLAND LAW:

(1) THE INSURER MAY CANCEL OR REFUSE TO RENEW COVERAGE ON THE BASIS OF THE NUMBER OF CLAIMS MADE BY THE POLICYHOLDER WITHIN THE PRECEDING 3-YEAR PERIOD; AND

(2) THE INSURER MAY CANCEL OR REFUSE TO RENEW COVERAGE ON THE BASIS OF:

(I) THREE OR MORE WEATHER-RELATED CLAIMS MADE WITHIN THE PRECEDING 3-YEAR PERIOD;

(II) ONE OR MORE WEATHER-RELATED CLAIMS MADE WITHIN THE PRECEDING 3-YEAR PERIOD IF THE INSURER HAS PROVIDED

WRITTEN NOTICE TO THE INSURED FOR REASONABLE OR CUSTOMARY REPAIRS OR REPLACEMENT SPECIFIC TO THE INSURED'S PREMISES OR DWELLING THAT:

1. THE INSURED FAILED TO MAKE; AND
2. IF MADE, WOULD HAVE PREVENTED THE LOSS FOR WHICH A CLAIM WAS MADE; AND

(III) A CHANGE IN THE PHYSICAL CONDITION OR CONTENTS OF THE PREMISES THAT:

1. INCREASES THE HAZARD INSURED AGAINST; AND
2. IF PRESENT AND KNOWN TO THE INSURER BEFORE THE ISSUANCE OF THE POLICY, WOULD HAVE CAUSED THE INSURER TO REFUSE TO ISSUE THE POLICY.

(B) IN ORDER TO SUPPORT CANCELLATION OR REFUSAL TO RENEW UNDER SUBSECTION (A)(2)~~(III)~~ (II) OF THIS SECTION, THE WRITTEN NOTICE:

- (1) MUST REFER TO SPECIFIC CONDITIONS KNOWN TO THE INSURER CONCERNING THE INSURED'S SPECIFIC PREMISES OR DWELLING; AND
- (2) MAY NOT BE A GENERAL NOTIFICATION OF REPAIRS OR REPLACEMENTS COMMON TO THAT TYPE OF PREMISES OR DWELLING.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all policies and contracts of homeowner's insurance issued, delivered, or renewed in the State on or after October 1, 2012.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2012.

Approved by the Governor, May 22, 2012.