

SENATE BILL 435

C4

5lr1627
CF 5lr2387

By: **Senator Astle**

Introduced and read first time: February 6, 2015

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Homeowner's Insurance – Coverage for Loss Caused by Water Damage**

3 FOR the purpose of requiring insurers that issue, sell, or deliver policies of homeowner's
4 insurance to make available, rather than to offer in writing to provide at certain
5 times, coverage for loss that is caused by certain water damage under certain
6 circumstances; requiring the coverage to be made available in at least a certain
7 amount; authorizing insurers that make certain coverage available to offer certain
8 other coverage in a certain amount, notwithstanding any other law or regulation;
9 providing for the application of this Act; and generally relating to coverage for loss
10 caused by water damage under homeowner's insurance.

11 BY repealing and reenacting, with amendments,
12 Article – Insurance
13 Section 19–202
14 Annotated Code of Maryland
15 (2011 Replacement Volume and 2014 Supplement)

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

18 **Article – Insurance**

19 19–202.

20 (a) An insurer that issues, sells, or delivers a homeowner's insurance policy shall
21 [at time of application and renewal offer in writing to provide] **MAKE AVAILABLE** coverage
22 for loss that:

23 (1) is caused by or results from water that backs up through sewers or
24 drains; [and]

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) is not caused by the negligence of the insured; AND

2 (3) **IS IN THE AMOUNT OF AT LEAST \$5,000.**

3 **(B) NOTWITHSTANDING ANY OTHER PROVISION OF LAW OR REGULATION,**
4 **AN INSURER THAT MAKES COVERAGE AVAILABLE AS DESCRIBED IN SUBSECTION (A)**
5 **OF THIS SECTION MAY ALSO OFFER COVERAGE FOR A LOSS THAT:**

6 **(1) IS CAUSED BY OR RESULTS FROM WATER THAT BACKS UP**
7 **THROUGH SEWERS OR DRAINS;**

8 **(2) IS NOT CAUSED BY THE NEGLIGENCE OF THE INSURED; AND**

9 **(3) IS IN AN AMOUNT LESS THAN \$5,000.**

10 **[(b)] (C)** If an application or renewal is made by telephone, the insurer is deemed
11 to be in compliance with subsection (a) of this section if, within 7 calendar days after the
12 date of application or renewal, the insurer sends the offer to the applicant or insured by a
13 first-class mail tracking method.

14 **[(c)] (D)** If an application or renewal is made using the Internet, the insurer is
15 deemed to be in compliance with subsection (a) of this section if the insurer provides the
16 offer to the applicant or insured prior to submission of the application or renewal.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
18 policies of homeowner's insurance issued, delivered, or renewed in the State on or after
19 October 1, 2015.

20 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2015.