

HOUSE BILL 840

C4

0lr1934

By: **Delegate Stein**

Introduced and read first time: February 9, 2010

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Homeowner's Insurance – Ordinance or Law Coverage**

3 FOR the purpose of requiring an insurer that issues, sells, or delivers a policy of
4 homeowner's insurance to offer to provide certain ordinance or law coverage for
5 increased costs of repair or construction incurred in order to comply with certain
6 laws or ordinances; establishing a certain minimum coverage amount for
7 ordinance or law coverage; providing for the application of this Act; and
8 generally relating to ordinance or law coverage under policies of homeowner's
9 insurance.

10 BY repealing and reenacting, with amendments,
11 Article – Insurance
12 Section 19–202
13 Annotated Code of Maryland
14 (2006 Replacement Volume and 2009 Supplement)

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

17 **Article – Insurance**

18 19–202.

19 (a) An insurer that issues, sells, or delivers a homeowner's insurance policy
20 shall at time of application and renewal offer in writing to provide:

21 **(1)** coverage for loss that:

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 ~~[(2)]~~ (II) is not caused by the negligence of the insured; AND

2 (2) ORDINANCE OR LAW COVERAGE FOR INCREASED COSTS TO
3 REPAIR A DAMAGED STRUCTURE, OR TO CONSTRUCT A REPLACEMENT
4 STRUCTURE, INCURRED IN ORDER TO COMPLY WITH ANY LOCAL, STATE, OR
5 FEDERAL LAW, ORDINANCE, OR REGULATION AFFECTING THE REPAIR OR
6 CONSTRUCTION OF THE STRUCTURE.

7 (B) ORDINANCE OR LAW COVERAGE MAY NOT BE LESS THAN AN
8 AMOUNT EQUAL TO 10% OF THE LIMIT OF COVERAGE ON THE DWELLING.

9 ~~[(b)]~~ (C) If an application or renewal is made by telephone, the insurer is
10 deemed to be in compliance with subsection (a) of this section if, within 7 calendar
11 days after the date of application or renewal, the insurer sends by certificate of
12 mailing the offer to the applicant or insured.

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

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
17 policies of homeowner's insurance issued, delivered, or renewed in the State on or after
18 October 1, 2010.

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