

SENATE BILL 887

C4

4r2519
CF 4r2582

By: **Senator Feldman**

Introduced and read first time: January 31, 2014

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Homeowner's Insurance – Underwriting Standards – Deductibles**

3 FOR the purpose of repealing the requirement that an insurer that issues a policy of
4 homeowner's insurance file with the Maryland Insurance Commissioner for
5 approval a certain underwriting standard that requires a certain deductible
6 under certain circumstances before the insurer may implement the
7 underwriting standard; requiring an insurer that issues a policy of homeowner's
8 insurance to file for information with the Commissioner a certain underwriting
9 standard that requires a certain deductible under certain circumstances at least
10 a certain period of time before the insurer proposes to implement the
11 underwriting standard; altering the contents of a certain filing; repealing a
12 provision of law that prohibits a certain underwriting standard from taking
13 effect until a certain period of time has passed; repealing the authority of the
14 Commissioner to take certain actions with regard to a certain underwriting
15 standard during certain periods of time; repealing a provision of law that a
16 certain filing is deemed approved unless disapproved by the Commissioner
17 during certain periods of time; authorizing an insurer to adopt a certain
18 underwriting standard that requires a certain deductible under certain
19 circumstances if the deductible applies only during a certain period of time and
20 regardless of where the insured's home is located; requiring an insurer to send a
21 copy of a certain form to the Commissioner for information under certain
22 circumstances; providing for the application of this Act; and generally relating
23 to underwriting standards and deductibles under homeowner's insurance.

24 BY repealing and reenacting, with amendments,
25 Article – Insurance
26 Section 19–209
27 Annotated Code of Maryland
28 (2011 Replacement Volume and 2013 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Insurance**

4 19–209.

5 (a) (1) An insurer that issues a policy of homeowner’s insurance may not
6 adopt an underwriting standard that requires a deductible that exceeds 5% of the
7 “Coverage A – Dwelling Limit” of the policy in the case of a hurricane [or other storm],
8 unless[:

9 (i)] the insurer has filed the underwriting standard for
10 [approval by] INFORMATION WITH the Commissioner[; and

11 (ii) the Commissioner has approved the underwriting standard
12 in writing].

13 (2) The filing required by paragraph (1) of this subsection shall:

14 (i) be made at least 60 days before the insurer proposes to
15 implement the underwriting standard in the State; and

16 (ii) include [any information required by the Commissioner,
17 including]:

18 1. a copy of the underwriting standard the insurer
19 [proposes] INTENDS to implement;

20 [2. the data relied on by the insurer in developing the
21 underwriting standard;] and

22 [3.] 2. the date on which the insurer intends to
23 implement the underwriting standard.

24 [(3) An underwriting standard subject to this subsection may not take
25 effect until 60 days after it is filed with the Commissioner.

26 (4) During the initial 60–day waiting period, the Commissioner may
27 extend the waiting period for an additional period, not to exceed 60 days, by written
28 notice to the insurer that the Commissioner needs additional time for consideration of
29 the filing.

30 (5) A filing is deemed approved unless disapproved by the
31 Commissioner during the waiting period or any extension of the waiting period.

1 (6) If the Commissioner finds that compliance with paragraph (3) or
2 (4) of this subsection would result in impairment of the insurer or a significant
3 financial loss to the insurer, the Commissioner may allow an insurer to implement its
4 underwriting standard establishing a deductible at the percentage indicated in the
5 filing within 60 days after the filing of the underwriting standard.

6 (7) (3) An underwriting standard subject to this subsection shall
7 comply with all applicable laws.

8 (b) [If an insurer has adopted an underwriting standard that requires a
9 deductible equal to a percentage of the "Coverage A – Dwelling Limit" of the policy in
10 the case of a hurricane or other storm, the deductible may only be applicable] **AN**
11 **INSURER MAY ADOPT AN UNDERWRITING STANDARD THAT REQUIRES A**
12 **DEDUCTIBLE EQUAL TO A PERCENTAGE OF THE "COVERAGE A – DWELLING**
13 **LIMIT" OF THE POLICY FOR DIRECT PHYSICAL LOSS CAUSED BY THE PERIL OF**
14 **WINDSTORM OR HAIL DURING THE PERIOD OF A HURRICANE WARNING IF THE**
15 **DEDUCTIBLE APPLIES:**

16 (1) **ONLY** beginning at the time the National Hurricane Center of the
17 National Weather Service issues a hurricane warning for any part of the State [where
18 the insured's home is located] and ending 24 hours following the termination of the
19 last hurricane warning issued for any part of the State[in which the insured's home is
20 located]; **AND**

21 (2) **REGARDLESS OF WHERE THE INSURED'S HOME IS LOCATED IN**
22 **THE STATE.**

23 (c) (1) An insurer that has adopted an underwriting standard that
24 requires a deductible equal to a percentage of the "Coverage A – Dwelling Limit" of the
25 policy in the case of a hurricane [or other storm] shall provide a policyholder with an
26 annual statement explaining the manner in which the deductible is applied.

27 (2) The insurer shall send a copy of the form used to provide the notice
28 required under paragraph (1) of this subsection to the Commissioner **FOR**
29 **INFORMATION** prior to its use.

30 (d) The Commissioner may adopt regulations to implement the provisions of
31 this section.

32 **SECTION 2. AND BE IT FURTHER ENACTED,** That this Act shall apply to all
33 policies of homeowner's insurance issued, delivered, or renewed in the State on or after
34 October 1, 2014.

35 **SECTION 3. AND BE IT FURTHER ENACTED,** That this Act shall take effect
36 October 1, 2014.