

# SENATE BILL 906

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CF 0lr3003

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By: **Senator Stone**

Introduced and read first time: February 16, 2010

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Homeowner's Insurance – Offer of Coverage for Loss Caused by Discharge of**  
3 **Water**

4 FOR the purpose of requiring certain insurers to offer in writing, at time of application  
5 and renewal, to provide coverage for loss that is caused by or results from a  
6 discharge of water from a certain system or source; requiring certain insurers to  
7 include a certain statement with the offer; providing that if an application or  
8 renewal is made by telephone, an insurer is deemed to be in compliance with a  
9 certain provision of this Act under certain circumstances; providing that if an  
10 application or renewal is made using the Internet, an insurer is deemed to be in  
11 compliance with a certain provision of this Act under certain circumstances;  
12 providing for the application of this Act; requiring certain insurers to submit  
13 certain annual reports to the Maryland Insurance Administration; and  
14 generally relating to homeowner's insurance and offers of coverage for loss  
15 caused by a discharge of water.

16 BY adding to

17 Article – Insurance

18 Section 19–213

19 Annotated Code of Maryland

20 (2006 Replacement Volume and 2009 Supplement)

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

23 **Article – Insurance**

24 **19–213.**

25 **(A) (1) AN INSURER THAT ISSUES, SELLS, OR DELIVERS A**  
26 **HOMEOWNER'S INSURANCE POLICY IN THE STATE SHALL, AT TIME OF**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 APPLICATION AND RENEWAL, OFFER IN WRITING TO PROVIDE COVERAGE FOR  
2 LOSS THAT:

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

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

8 (2) AN INSURER SHALL INCLUDE THE FOLLOWING STATEMENT IN  
9 THE OFFER REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION:

10 "THIS COVERAGE IS FOR LOSS THAT IS CAUSED BY OR RESULTS FROM A  
11 DISCHARGE OF WATER FROM A PLUMBING SYSTEM OR PLUMBING SOURCE,  
12 INCLUDING A DISCHARGE FROM A WATER MAIN BREAK, WHETHER THE  
13 PLUMBING SYSTEM OR SOURCE IS LOCATED ON OR OFF THE INSURED  
14 PREMISES."

15 (B) IF AN APPLICATION OR RENEWAL IS MADE BY TELEPHONE, THE  
16 INSURER IS DEEMED TO BE IN COMPLIANCE WITH SUBSECTION (A) OF THIS  
17 SECTION IF, WITHIN 7 CALENDAR DAYS AFTER THE DATE OF THE APPLICATION  
18 OR RENEWAL, THE INSURER SENDS BY CERTIFICATE OF MAILING THE OFFER TO  
19 THE APPLICANT OR INSURED.

20 (C) IF AN APPLICATION OR RENEWAL IS MADE USING THE INTERNET,  
21 THE INSURER IS DEEMED TO BE IN COMPLIANCE WITH SUBSECTION (A) OF THIS  
22 SECTION IF THE INSURER PROVIDES THE OFFER TO THE APPLICANT OR  
23 INSURED PRIOR TO SUBMISSION OF THE APPLICATION OR RENEWAL.

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

27 SECTION 3. AND BE IT FURTHER ENACTED, That, on or before October 1  
28 of each year beginning with October 1, 2011, an insurer that issues, sells, or delivers a  
29 homeowner's insurance policy in the State shall report to the Maryland Insurance  
30 Administration on:

31 (1) the number of new and renewal applicants who elect to purchase  
32 the coverage described in Section 1 of this Act; and

33 (2) the average premium assessed by the insurer for the insurer's book  
34 of business in the State for the coverage described in Section 1 of this Act.

1           SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take  
2 effect October 1, 2010.