

# SENATE BILL 906

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CF HB 1088

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By: **Senator Stone**

Introduced and read first time: February 16, 2010

Assigned to: Rules

Re-referred to: Finance, February 19, 2010

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: April 2, 2010

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

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

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

20 ~~BY adding to~~

21 ~~Article Insurance~~

22 ~~Section 19-213~~

23 ~~Annotated Code of Maryland~~

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



~~(2006 Replacement Volume and 2009 Supplement)~~

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

~~Article Insurance~~

~~19-213.~~

~~(A) (1) AN INSURER THAT ISSUES, SELLS, OR DELIVERS A HOMEOWNER'S INSURANCE POLICY IN THE STATE SHALL, AT TIME OF APPLICATION AND RENEWAL, OFFER IN WRITING TO PROVIDE COVERAGE FOR LOSS THAT:~~

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

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

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

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

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

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

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

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

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

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

9 (a) The Maryland Insurance Administration shall conduct a study of how  
10 best to inform consumers about how to determine the existence and scope of  
11 homeowner's insurance coverage for loss from the discharge of water from a plumbing  
12 system or plumbing source, including a discharge from a water main break, whether  
13 the plumbing system or source is located on or off the insured premises.

14 (b) In conducting its study, the Administration shall consult with relevant  
15 stakeholders, as determined by the Administration, including representatives of the  
16 homeowner's insurance industry and the People's Insurance Counsel.

17 (c) On or before December 1, 2010, the Administration shall report, in  
18 accordance with § 2-1246 of the State Government Article, its findings and  
19 recommendations, including draft legislation, if any, to the Senate Finance Committee  
20 and the House Economic Matters Committee.

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

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.