

# CHAPTER 486

(House Bill 1442)

AN ACT concerning

~~Homeowner's Insurance Issuance and Renewal of Policies in Certain Geographic Areas~~  
Task Force on the Availability and Affordability of Property Insurance in Coastal Areas

FOR the purpose of ~~prohibiting certain insurers from refusing to issue or renew a policy of homeowner's insurance solely because the subject of the risk or the applicant's or insured's address is located in a certain geographic area; providing for the application of this Act; making this Act an emergency measure establishing the Task Force on the Availability and Affordability of Property Insurance in Coastal Areas; providing for the purpose of the Task Force; providing for the composition, co-chair, and staff of the Task Force; providing that the members of the Task Force may not receive compensation, but may be reimbursed for certain expenses; requiring the Task Force to submit a certain report to the Governor and certain committees on or before a certain date; providing for the termination of this Act; and generally relating to homeowner's insurance and the issuance and renewal of contracts in certain geographic areas in the State~~ the Task Force on the Availability and Affordability of Property Insurance in Coastal Areas.

~~BY adding to~~

~~Article Insurance~~

~~Section 19-208~~

~~Annotated Code of Maryland~~

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

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

~~Article Insurance~~

~~19-208.~~

~~NOTWITHSTANDING ANY OTHER PROVISION OF LAW, AN INSURER MAY NOT REFUSE TO ISSUE OR RENEW A POLICY OF HOMEOWNER'S INSURANCE~~

~~SOLELY BECAUSE THE SUBJECT OF THE RISK OR THE APPLICANT'S OR INSURED'S ADDRESS IS LOCATED IN A CERTAIN GEOGRAPHIC AREA IN THE STATE.~~

~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all applications for homeowner's insurance policies and contracts received and homeowner's insurance policies and contracts issued, delivered, or renewed in the State on or after the effective date of this Act.~~

~~SECTION 3. AND BE IT FURTHER ENACTED, That this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a ye and nay vote supported by three fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted.~~

(a) There is a Task Force on the Availability and Affordability of Property Insurance in Coastal Areas.

(b) The Task Force consists of the following members:

(1) ~~three members~~ one member of the Senate Finance Committee, appointed by the Chair of the Committee;

(2) three members of the House Economic Matters Committee, appointed by the Chair of the Committee;

(3) the Maryland Insurance Commissioner, or the Commissioner's designee; and

(4) the People's Insurance Counsel, or the Insurance Counsel's designee.

(c) The Chair of the Senate Finance Committee and the Chair of the House Economic Matters Committee jointly shall appoint co-chairs of the Task Force from among the Senate and House members appointed to the Task Force.

(d) The Maryland Insurance Administration shall provide staff for the Task Force.

(e) A member of the Task Force may not receive compensation for serving on the Task Force, but is entitled to reimbursement for expenses under the Standard State Travel Regulations, as provided in the State budget.

(f) The purpose of the Task Force is to examine methods to ensure the continued availability and affordability of property insurance in coastal areas of Maryland.

(g) In examining methods to ensure the continued availability and affordability of property insurance in coastal areas of Maryland, the Task Force shall study:

(1) the availability and affordability of homeowner's insurance and other property insurance in coastal areas of the State, including the Eastern Shore and Southern Maryland, and whether there is sufficient competition within those areas;

(2) the current number and types of insurers in the coastal markets, including admitted carriers, excess and surplus lines carriers, residual market mechanisms, captives, and the reinsurance market, and the types of products offered;

(3) the competition and rate adequacy in the coastal markets for storm-related perils;

(4) the impact of coastal markets on the availability and affordability of property insurance in noncoastal areas and the costs associated with spreading property insurance risks among homeowners across the entire State;

(5) the regulatory framework within the State for the pricing and underwriting of property insurance, including the use of named storm deductibles;

(6) the development and evolution of storm modeling and its use by the insurance industry in the assessment of potential losses from significant storms and the need for a regulatory framework in the use of storm modeling;

(7) potential structural protections for properties in coastal areas that would result in the mitigation of storm damage in coastal areas and the extent to which such mitigation has had a beneficial impact on the availability and affordability of property insurance in other states;

(8) the ability of the State to influence patterns of real estate development in coastal areas in a manner that minimizes future exposure of the State and Maryland residents to severe storm damage to property;

(9) the effectiveness, cost, and long-term viability of alternative market mechanisms, such as limited coverage products, wind pools, the expansion of

residual market mechanisms, and catastrophe funds that have been implemented or are being considered in other states or by the federal government;

(10) initiatives adopted in other states to increase availability and affordability of property insurance in coastal areas; and

(11) any other matter the Maryland Insurance Commissioner deems relevant to the availability and affordability of homeowner's insurance in coastal areas of the State.

(h) On or before December 31, 2007, the Task Force shall report on its findings and recommendations to the Governor and, in accordance with § 2-1246 of the State Government Article, the Senate Finance Committee and the House Economic Matters Committee.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2007. It shall remain effective for a period of 1 year and, at the end of May 31, 2008, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.

**Approved by the Governor, May 8, 2007.**