

# HOUSE BILL 405

C4

8lr0048

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By: **Chair, Economic Matters Committee (By Request - Departmental - Insurance Administration, Maryland)**

Introduced and read first time: January 28, 2008

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 20, 2008

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

1 AN ACT concerning

2 **Homeowner's Insurance - Loss from Water and Sewer Backup - Offer of**  
3 **Coverage**

4 FOR the purpose of clarifying the time at which an offer of coverage for loss that is  
5 caused by or results from certain water backup must be made by certain  
6 insurers; requiring an insurer that sells a homeowner's insurance policy to offer  
7 the coverage; requiring the offer to be made in ~~writing~~ a certain manner; and  
8 generally relating to homeowner's insurance.

9 BY repealing and reenacting, with amendments,  
10 Article - Insurance  
11 Section 19-202  
12 Annotated Code of Maryland  
13 (2006 Replacement Volume and 2007 Supplement)

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

16 **Article - Insurance**

17 19-202.

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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.



1           **(A)** An insurer that issues, **SELLS**, or delivers a homeowner’s insurance  
2 policy shall **AT TIME OF APPLICATION AND RENEWAL** offer **IN WRITING** to provide  
3 coverage for loss that:

4                   (1) is caused by or results from water that backs up through sewers or  
5 drains; and

6                   (2) is not caused by the negligence of the insured.

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

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

16           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
17 October 1, 2008.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.