

# HOUSE BILL 647

C4

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By: **Delegates Lafferty, M. Washington, Anderson, Ebersole, Fraser-Hidalgo, and Lisanti**

Introduced and read first time: February 12, 2015

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Joint Insurance Association – Private Insurers – Notice**

3 FOR the purpose of requiring certain insurers that deny, cancel, or nonrenew certain  
4 coverage for commercial property insurance or homeowner's insurance to provide  
5 notice to certain applicants or insureds of the potential availability of certain  
6 insurance coverage through the Joint Insurance Association under a certain  
7 provision; providing for the application of this Act; and generally relating to  
8 commercial property insurance and homeowner's insurance.

9 BY adding to

10 Article – Insurance

11 Section 19–117

12 Annotated Code of Maryland

13 (2011 Replacement Volume and 2014 Supplement)

14 BY repealing and reenacting, without amendments,

15 Article – Insurance

16 Section 25–406, 27–602(a) and (b), and 27–603(a) and (b)

17 Annotated Code of Maryland

18 (2011 Replacement Volume and 2014 Supplement)

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

21 **Article – Insurance**

22 **19–117.**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           **(A) THIS SECTION APPLIES TO POLICIES OF COMMERCIAL PROPERTY**  
2 **INSURANCE OR HOMEOWNER'S INSURANCE.**

3           **(B) A PRIVATE INSURER THAT DENIES ALL OR PART OF THE COVERAGE**  
4 **REQUESTED BY AN APPLICANT FOR A POLICY SUBJECT TO THIS SECTION, OR THAT**  
5 **CANCELS OR NONRENEWS A POLICY SUBJECT TO THIS SECTION, SHALL PROVIDE**  
6 **NOTICE TO THE APPLICANT OR INSURED OF THE AVAILABILITY OF ESSENTIAL**  
7 **PROPERTY INSURANCE OR HOMEOWNER'S INSURANCE THROUGH THE JOINT**  
8 **INSURANCE ASSOCIATION UNDER § 25-406 OF THIS ARTICLE OR THROUGH**  
9 **ANOTHER PLAN FOR WHICH THE APPLICANT OR INSURED MAY BE ELIGIBLE.**

10 25-406.

11           A person with an insurable interest in real or tangible personal property at a fixed  
12 location may apply to the Association for essential property insurance or homeowner's  
13 insurance if the person has been:

14           (1) unable to obtain essential property insurance or homeowner's  
15 insurance;

16           (2) able to obtain essential property insurance or homeowner's insurance  
17 only after application under § 11-210 or § 11-311 of this article; or

18           (3) able to obtain only partial coverage for the value of the property.

19 27-602.

20           (a) (1) This section applies only to policies of:

21                   (i) personal insurance; and

22                   (ii) homeowner's insurance under which a onetime guaranteed fully  
23 refundable deposit is required for a stated amount of coverage.

24           (2) This section does not apply to policies in effect for 45 days or less, as  
25 provided in § 12-106 of this article.

26           (b) (1) Whenever an insurer, as required by subsection (c) of this section, gives  
27 notice of its intention to cancel or not to renew a policy subject to this section issued in the  
28 State or before an insurer cancels a policy subject to this section issued in the State for a  
29 reason other than nonpayment of premium, the insurer shall notify the insured of the  
30 possible right of the insured to replace the insurance under the Maryland Property  
31 Insurance Availability Act or through another plan for which the insured may be eligible.

32           (2) The notice required by paragraph (1) of this subsection must:

1 (i) be in writing;

2 (ii) contain the current address and telephone number of the offices  
3 of the appropriate plan; and

4 (iii) be sent to the named insured at the named insured's last known  
5 address in the same manner and at the same time as the first written notice of cancellation  
6 or of intention not to renew given or required by law, regulation, or contract.

7 27–603.

8 (a) (1) This section applies only to policies of commercial insurance.

9 (2) This section does not apply to:

10 (i) policies in effect for 45 days or less, as provided in § 12–106 of  
11 this article; or

12 (ii) policies issued to exempt commercial policyholders under §  
13 11–206 of this article, if the policies provide for written notice of not less than 30 days of  
14 the insurer's intent to cancel or nonrenew.

15 (b) (1) Whenever an insurer, as required by subsection (c) of this section, gives  
16 notice of its intention to cancel or not to renew a policy issued in this State for a reason  
17 other than nonpayment of premium, the insurer shall notify the insured of the possible  
18 right to replace the insurance under the Maryland Property Insurance Availability Act,  
19 through the Maryland Automobile Insurance Fund, or through another plan for which the  
20 insured may be eligible.

21 (2) The notice required by paragraph (1) of this subsection shall:

22 (i) be in writing;

23 (ii) if applicable, include the current address and telephone number  
24 of the offices of the Joint Insurance Association, the Maryland Automobile Insurance Fund,  
25 or other appropriate plan; and

26 (iii) be sent to the insured in the same manner and at the same time  
27 as the first written notice of cancellation or of intention not to renew that is given or  
28 required by law, regulation, or contract.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all  
30 policies and contracts of commercial property insurance and homeowner's insurance issued,  
31 delivered, or renewed in the State on or after October 1, 2015.

32 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
33 October 1, 2015.