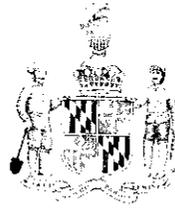


DOUGLAS E. GANSLER  
*Attorney General*

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Maryland Insurance  
Administration



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December 29, 2011

The Honorable Therese M. Goldsmith  
Insurance Commissioner  
Maryland Insurance Administration  
200 St. Paul Place  
Baltimore, Maryland 21202

Re: Coastal Insurance Hearing

Dear Commissioner Goldsmith:

The People's Insurance Counsel Division ("Division") respectfully submits the enclosed documents to supplement the documents previously submitted to you on December 14, 2011 at the referenced Hearing.

One of the documents submitted at the hearing was a copy of a power point presentation made by Karen Clark at the Fall 2011 NAIC meeting. After the Hearing, I received an email from Ms. Clark asking that I substitute the enclosed power point for the one that I submitted on December 14, 2011. She made some slight revisions to the power point. In addition, she requested that the power point not be posted on the MIA website or otherwise published by MIA.

Another document submitted at the hearing was a page from the MIA document entitled, 2011 Report on the Availability and Affordability of Health Care Medical Professional Liability Insurance in Maryland. The page that I have enclosed is Exhibit 4A Page 3. This should be substituted for the page submitted on December 14, 2011. The enclosed page illustrates that, for the medical professional line of insurance, MIA is able to determine the extent of market share held by surplus lines carriers as compared to the admitted carriers. For the homeowners line of insurance, it is my understanding that

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200 Saint Paul Place ❖ Baltimore, Maryland 21202-2021

Main Office (410) 576-6300 ❖ Main Office Toll Free (888) 743-0025

Consumer Complaints and Inquiries (410) 528-8662 ❖ Health Advocacy Unit/Billing Complaints (410) 528-1840

Labor Disputes Unit Toll Free (877) 261-8807 ❖ Homeowners Division Toll Free (877) 289-4825 ❖ Telephone for Deaf (410) 576-6372

[www.oag.state.md.us](http://www.oag.state.md.us)

such information is not collected by MIA or otherwise available. Without an understanding of the role of the surplus lines carriers in the coastal market, it is difficult to effectively evaluate the affordability or availability of insurance.

The tables submitted on the Eligibility Rules are not intended to be all-inclusive of the insurance companies writing homeowners insurance in coastal areas. There are several smaller insurers that write in that region that were not included. In addition, the information on mandatory deductibles was only included for some of the largest writers of homeowners insurance in Maryland. Again, other companies have mandatory deductibles. The law currently requires insurers to offer an actuarially justified premium discount for loss mitigation measures. However, those features of the Maryland filings are not included in the tables with the exception of one insurer, Keystone, that allows a reduction of a mandatory deductible for certain loss mitigation measures.

All of the information in the tables was obtained from filings made with the MIA by the insurers listed. The filings are submitted through SERFF and are available for public review.

If you have any questions about the information submitted at the December 14, 2011 hearing or with this letter, please do not hesitate to contact me.

Yours truly,



Susan Cohen  
Assistant Attorney General  
People's Insurance Counsel Division



## Coastal Area Homeowners Eligibility Underwriting Rules Insurers with the Most Restrictive Rules

Company	all property within 1 mile of the Atlantic Ocean, any intra-coastal waterway or any saltwater bay.	
Nationwide Mutual Fire Insurance Company	Nationwide will not write within 2500 feet of Coastal Restricted Zone = Calvert, Dorchester, St. Mary's, Wicomico, Somerset & Worcester Counties	May 2007
Pennsylvania National Mutual Casualty Ins Co	Penn National will not write for any property located on the ocean/gulf front (defined as within 5 miles of shore line) or off-shore islands	December 2007
State Farm Fire & Casualty Ins Co	State Farm will not write property in Worcester County, or within 2500 feet of the Atlantic Ocean, or barrier islands, or property locate within 500 feet of Coastal Bays, Sounds, Inlets, & Inter Coastal Waterways. Risks located on Barrier Island have 5% mandatory deductible; Worcester County have a mandatory minimum deductible of 2%. (Reduced to 1% for homeowners' policies which qualify for a Home/Auto discount.) Pending Filing: Non-renewal of Barrier Island policies.	February 2007



## Coastal Area Homeowners Eligibility Underwriting Rules Insurers with the Most Restrictive Rules

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## Coastal Area Homeowners Eligibility Underwriting Rules Insurers with the Most Restrictive Rules

COMPANY NAME	ELIGIBILITY	EFFECTIVE DATE
Allstate & Encompass Insurance Companies	1. Allstate & Encompass will not write within 1 mile from the Atlantic Ocean, Chincoteague Bay, Sinepuxent Bay, Isle of Wight Bay, Assawoman Bay, Newport Bay, Brockanorton Bay, Johnson Bay and Pernel Bay.	April 2006
	2. Allstate & Encompass will not write in Zones 4, 5, & 6 which includes all of Worcester, Somerset, Wicomico, & St. Mary's Counties, as well as, parts of Talbot, Queen Anne's, Dorchester, Charles, Calvert, Prince George's & Anne Arundel Counties.  --Zones 4, 5, & 6 have a minimum hurricane deductible of 5%; zone 3 has a minimum 3% & zone 2 has a minimum 2%.	June 2007
Donegal Mutual Ins Co	Donegal will not write in coastal restricted areas of the counties that border the Ocean & Chesapeake Bay	December 2007
Erie Insurance Exchange	Erie will not write property in Worcester County within 2500 feet of Atlantic Ocean, Assawoman Bay, Isle of Wright Bay, Sinepuxent Bay, or Chincoteague Bay	February 2011
Firemen's Fund Ins Company	Fireman's Fund requires prior underwriter approval for property (a) less than ½ mile from Atlantic Ocean or, (b) beach high water mark & less than 15 feet above the mean sea level.	May 2006
Foremost Ins Co	Foremost will not write within 5 miles of the Atlantic Coast or any islands	May 2009
Frederick Mutual Ins Co	Frederick will not write within 1 mile of tidal water unless approved by the underwriter.	March 2008
Horace Mann Co & Teachers Ins Co	Company will not write within 2 miles of the coast.	January 2008
Liberty Insurance	Liberty requires prior underwriting approval for	May 2008

## Coastal Area Homeowners Eligibility Underwriting Rules Insurers with the Most Restrictive Rules

Company	all property within 1 mile of the Atlantic Ocean, any intra-coastal waterway or any saltwater bay.	
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## Coastal Area Homeowners Eligibility Underwriting Rules Insurers with the Least Restrictive Rules

COMPANY NAME	ELIGIBILITY	EFFECTIVE DATE
Cincinnati Insurance Company	No Eligibility Restrictions, percent deductible is mandatory	
Everett Cash Mutual	Everett will not write within 500 Ft of the Ocean in Worcester County	November 2007
Standard Fire Insurance Company & Travelers Indemnity Company	Will write with mandatory deductibles any property located within 5 miles of the Atlantic Ocean or within 1000 feet of the Chesapeake Bay, or Potomac River	July 2007
Windsor-Mount Joy Mutual Insurance Company	Windsor-Mount Joy will not write any buildings on the shore not blocked by another building	December 2007
USAA Group	Mandatory Hurricane Deductible of 2% for Worcester County	July 2008
Keystone Insurance Company (AAA)	Mandatory Hurricane Deductibles = 5% in parts of Worcester County. Mandatory Hurricane Deductibles = 1% or 2% in parts of Calvert, Dorchester, Somerset, St. Mary's, & Wicomico Counties. Deductibles may be decreased through the "Loss Mitigation Plan" (specific certified construction requirements). Premiums may be decreased through the "Mitigation Discount" (certified installation of hurricane shutters or hurricane resistant glass assemblies)(See Ins. Art. 19-210)	May 2010

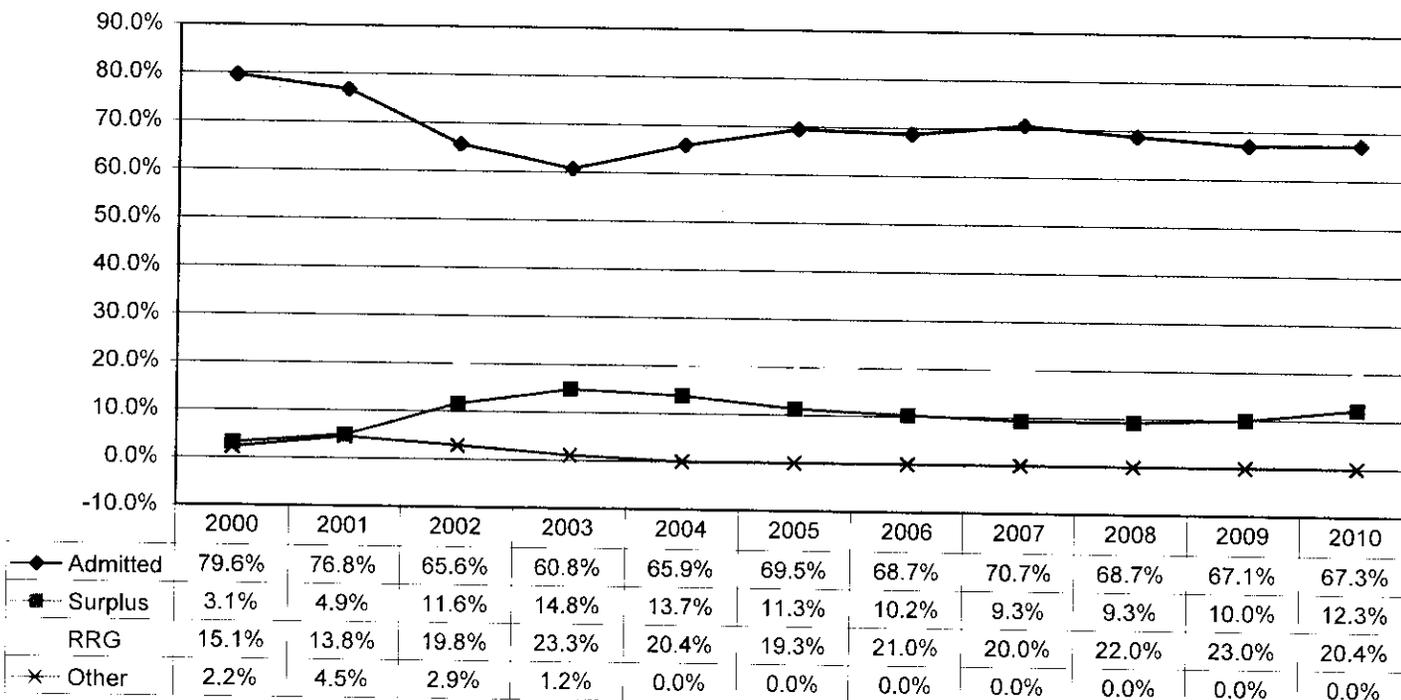
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## Coastal Area Homeowners Eligibility Underwriting Rules Insurers with the Least Restrictive Rules

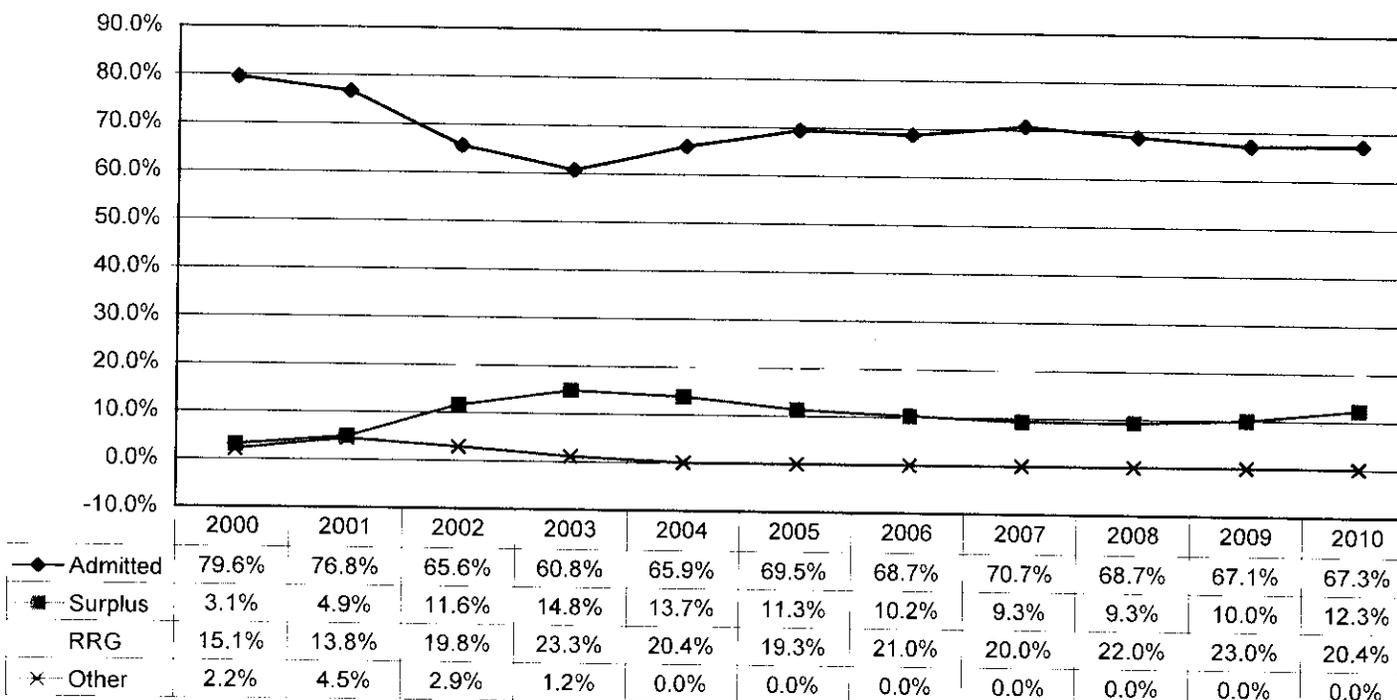
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Market Share by License Type 2000-2010



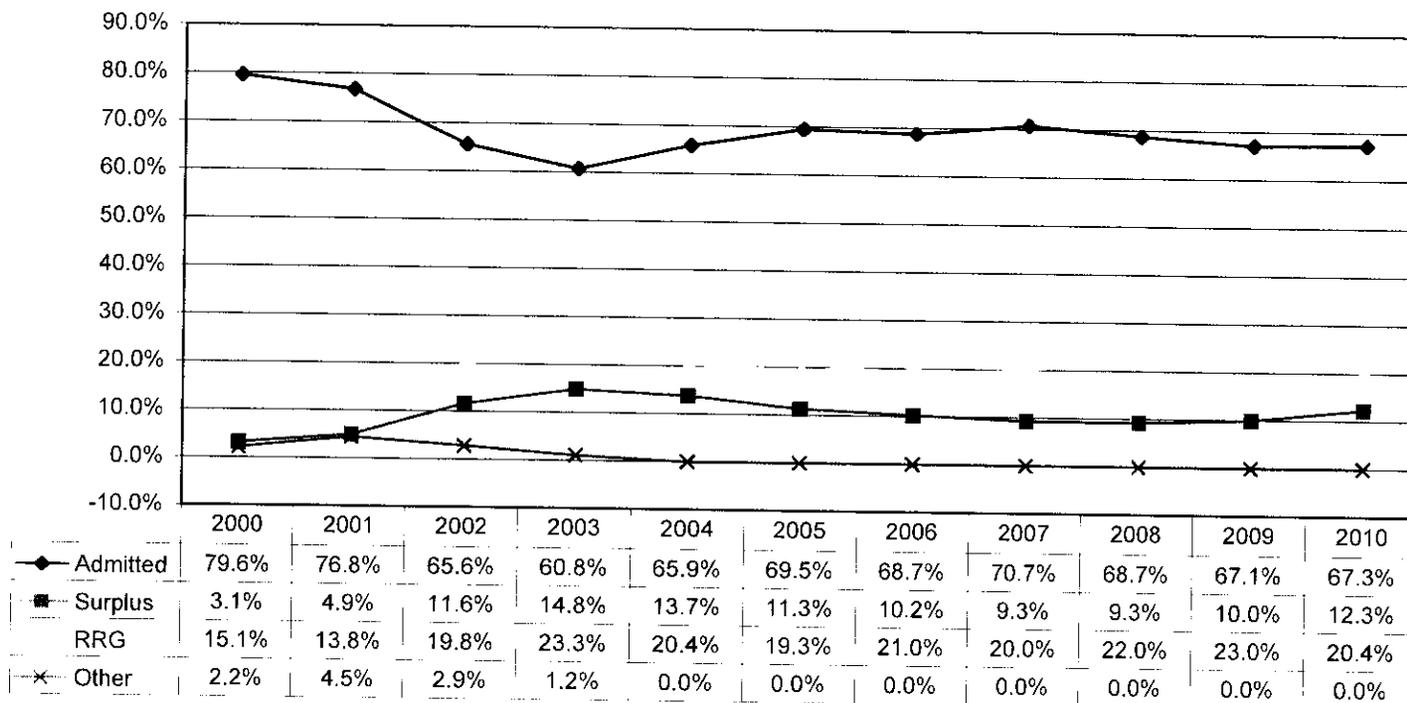
Other License type includes carriers that no longer medical professional liability and license type can not as of the last year of writing business be determined. This also includes carriers that were in runoff with license suspended/revoked.

Market Share by License Type 2000-2010



Other License type includes carriers that no longer medical professional liability and license type can not as of the last year of writing business be determined. This also includes carriers that were in runoff with license suspended/revoked.

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