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BULLETIN 13-18

Date: June 13, 2013

To: All Authorized P&C Insurance Companies Writing Homeowner's Insurance and the JIA

Re: Homeowner's Insurance-Anti-Concurrent Causation Clause -Notice and Study (HB 695 Chapter 383, Acts of 2013)

The purpose of this Bulletin is to:

- (1) clarify the applicability of the notice required by HB 695 (Chapter 383, Acts of 2013), which applies to all homeowner's insurance policies issued, delivered or renewed on or after January 1, 2014; and
- (2) require insurers to file the notice with the Administration.

The legislation creates new Section 19-215 of the Insurance Article. That section requires all insurers offering homeowner's insurance containing an anti-concurrent causation (ACC) clause to provide a written notice annually that:

- (1) is clear and specific;
- (2) describes the ACC clause;
- (3) informs the insured to read the policy for complete information on the exclusions; and
- (4) states that the insured should communicate with the insurance producer or the insurer for additional information regarding the scope of the exclusions.

The law is applicable to homeowner's insurance, which is defined as:

a. Insurance for residential property that provides one or more of the following coverages:

- (i) Fire;
- (ii) Extended coverage;
- (iii) Vandalism and malicious mischief;
- (iv) Burglary;

(v) Theft; or

(vi) Personal liability.¹

b. Homeowner's insurance does not include an umbrella policy.

Section 2 of HB 695 (Chapter 383, Acts of 2013) sets forth the study requirements and (b)(7) states:

(b) As part of the study, the Committees shall review:

(7) the adequacy of the notice required under § 19-215 of the Insurance Article, as enacted by Section 1 of this Act, in informing insureds about exclusions and the ACC clause and whether the notice should:

- (i) provide an explanation of how the ACC clause may be applied; or
- (ii) state that, if the insured would like an explanation of how the ACC clause may be applied, the insured should communicate with the insurer or the insurance producer, if the insurer has provided the information to the insurance producer.

Section 2 (d) provides:

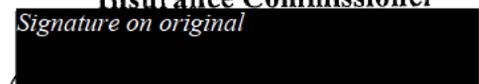
(d) The Maryland Insurance Administration shall provide all data the Committees request the Maryland Insurance Administration to provide.

In anticipation of the Committees' request for the notices and to enable the Committees to complete the study by December 31, 2013, the Commissioner is exercising her authority under §19-112 of the Insurance Article to require each insurer that issues, delivers or renews policies of homeowner's insurance in the State to submit a copy of the ACC notice that it intends to use to the Commissioner. Insurers should submit each notice they will use with each product or policy form. The notices should be submitted through SERFF under TOI's 1, 3 and 4 (dwelling fire, personal farmowners and homeowner's insurance), with a sub-TOI of Anti-concurrent causation notice, which has been added to the field in SERFF. **These notices are to be submitted for review no later than October 1, 2013.** No filing fees will be required for these notices when submitted.

If you have any questions regarding this Bulletin, please contact Sandra Castagna, Associate Commissioner, Property and Casualty at sandra.castagna@maryland.gov or 410-468-2341.

Therese M. Goldsmith
Insurance Commissioner

Signature on original

By: 

Sandra Castagna
Associate Commissioner
Property and Casualty

¹ See the coverage provided by the Joint Insurance Association under Title 25, Subtitle 4 of the Insurance Article and the definition of "homeowner's insurance" in COMAR 31.15.11.03B(11).