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BULLETIN 11-27

Date: September 8, 2011

To: All Insurers that Issue or Deliver Policies of Homeowner's Insurance in the State of Maryland, Property & Casualty Insurance Producers, Surplus Lines Brokers, and Any Other Interested Parties

Re: Application of the Percentage Deductible Requirements of § 19-209 of the Insurance Article to Surplus Lines Carriers

The Maryland Insurance Administration has received inquiries about whether the limitations on the applicability of a deductible equal to a percentage of the "Coverage A—Dwelling Limit" (known as a Percentage Deductible), in the case of a hurricane or other storm, applies to policies issued to Maryland residents by surplus lines carriers. If the policy of homeowner's insurance was issued or delivered in the State for property located in the State, then the answer is yes.

By its terms, § 19-209 applies to "an insurer." Section 19-201 defines "insurer" for the purposes of subtitle 2 of Title 19 of the Insurance Article, including § 19-209, to mean an insurer that issues or delivers a policy of homeowner's insurance in the State. Consequently, any insurer, including a surplus lines carrier, that issues or delivers a homeowner's policy in the State is subject to the remedial requirements of § 19-209 and is expected to comply.

Questions regarding this Bulletin may be directed to Joy Hatchette, Associate Commissioner, Consumer Education and Advocacy, at (410) 468-2029 or jhatchette@mdinsurance.state.md.us.

Therese M. Goldsmith
Insurance Commissioner

By: **Signature on File with Original**
Joy Hatchette
Associate Commissioner, Consumer
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