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BULLETIN 11-25

Date: September 1, 2011  
To: All Property and Casualty Insurers, the Joint Insurance Association (JIA), and Insurance Producers  
Re: Hurricane Irene Percentage Deductible Under § 19-209

This Bulletin is to remind insurers that have issued policies of homeowner's insurance of the requirements of § 19-209 of the Insurance Article, Annotated Code of Maryland. If the insurer has adopted an underwriting standard that requires a deductible equal to a percentage of the "Coverage A—Dwelling Limit" of a policy in the case of a hurricane or other storm ("Percentage Deductible"), § 19-209(b) limits the applicability of the Percentage Deductible to the part(s) of the State for which the National Hurricane Center of the National Weather Service issued a hurricane warning. If an insured's home is not located in a part of the State that was subject to a hurricane warning issued by the National Hurricane Center, a Percentage Deductible may not be imposed. Section 19-209(b) also limits the applicability of a Percentage Deductible to loss or damage that takes place while the hurricane warning is in effect and until 24 hours following termination of the last hurricane warning issued for the part of the State in which the insured's home is located.

For Hurricane Irene, the National Hurricane Center of the National Weather Service confirmed today that the following counties were under hurricane warnings: Caroline, Dorchester, Somerset, St. Mary's, Talbot, and Wicomico, beginning 11 a.m., Friday, August 26, 2011, and expiring 5 a.m. Sunday, August 28, 2011; and Worcester (including Ocean City), beginning 5 p.m. Thursday, August 25, 2011, and expiring 11 a.m. Sunday, August 28, 2011.

Insurers also are reminded of the procedural requirements of § 19-209, with which they must comply before an underwriting standard that employs a Percentage Deductible is utilized. These requirements include, but are not limited to, the filing and approval at least 60 days before implementation of an underwriting standard that requires a deductible that exceeds 5% of the "Coverage A – Dwelling Limit" of a policy in the case of a hurricane or other storm; an annual statement to policyholders explaining the manner in which the Percentage Deductible is applied; and submission to the Commissioner of the form used to provide notice of the Percentage Deductible prior to its use.

If you have any question about this Bulletin, please contact Joy Hatchette, Associate Commissioner, Consumer Education & Advocacy, at (410) 468-2029 or at [jhatchette@mdinsurance.state.md.us](mailto:jhatchette@mdinsurance.state.md.us).

*Signature on file with original*

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Insurance Commissioner