

AN ACT

Bill 20-31  
Act 20-95  
effective  
June 27, 2013

*To amend the Fire and Casualty Act to require homeowner's and renter's insurance companies to notify applicants and provide a one-time notice to existing policyholders that homeowner's and renter's insurance does not cover losses from flood or sewer-line backup, and to explain how these policies may be obtained.*

Codification  
District of  
Columbia  
Official Code  
2001 Edition

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Fire and Casualty Amendment Act of 2013”.

Fire and  
Casualty  
Amendment  
Act of 2013

Sec. 2. Chapter II of the Fire and Casualty Act, approved October 9, 1940 (54 Stat. 1063; D.C. Official Code § 31-2502.01 *et seq.*), is amended by adding new sections 28a and 28b to read as follows:

“Sec. 28a. Flood insurance notice requirements for the provision of homeowner's and renter's insurance.

New  
§ 31-2502.28a

“(a) Within 90 days of the effective date of the Fire and Casualty Amendment Act of 2013, passed on 2nd reading on June 4, 2013 (Enrolled version of Bill 20-31), a company authorized to sell or negotiate homeowner's or renter's insurance in the District of Columbia shall provide a written notice that states that a standard homeowner's or renter's insurance policy does not cover losses from flood to:

“(1) An applicant at the time of application for a homeowner's or renter's insurance policy;

“(2) A policyholder at the time of each renewal of a homeowner's or renter's insurance policy, to accompany the renewal notice; and

“(3) On a one-time basis, a policyholder of a homeowner's or renter's insurance policy; provided, that a company shall not be required to provide the one-time notice to an existing policyholder if the renewal of that policyholder's policy comes due within 90 days of the date the company began issuing the notices required by this subsection.

“(b) The statement shall:

“(1) Be on a separate form;

“(2) Be titled, in at least 12-point type, “Flood Coverage Not Included in the Standard Homeowner's or Renter's Insurance Policy”; and

“(3) Contain, at a minimum, the following information in at least 12 point type:

“(A) Advise the applicant that flood insurance may be available for an additional premium and that a claim under a flood insurance policy may be adjusted and paid on a different basis than a claim under a homeowner's or renter's insurance policy;

“(B) Advise the applicant that a separate application must be completed to purchase flood insurance;

“(C) State that flood insurance may be available through the National Flood Insurance Program or other sources;

“(D) Provide the applicant with the contact information for the National Flood Insurance Program;

“(E) Advise the applicant to consult with the National Flood Insurance Program, the District Department of the Environment, the District Department of Insurance, Securities, and Banking, or the applicant’s mortgage lender about the risks of flooding and the potential costs and benefits of flood insurance; and

“(F) Advise the applicant that the statement shall not be considered a replacement for the terms of the insurance policy, shall not have the effect of altering the coverage afforded by the policy, shall not confer new or additional rights beyond those expressly provided for in the policy, and is only provided as guidance to the homeowner in understanding the terms of the insurance policy.

“(c) If an application is made by telephone, the insurer is deemed to be in compliance with this section if, within 7 calendar days after the date of application, the insurer sends by mail the notice to the insured.

“(d) If an application is made using the Internet, the insurer is deemed to be in compliance with this section if the insurer provides the notice to the applicant in a stand-alone format, similar to the notice requirements in subsection (b)(1), (2), and (3) of this section, before the submission of the application.

“(e) The insurer’s failure to provide notice as required under this section does not create a private right of action.

“Sec. 28b. Sewer-line backup insurance notice requirements for the provision of homeowner's and renter's insurance.

New  
§ 31-2502.28b

“(a) Within 90 days of the effective date of the Fire and Casualty Amendment Act of 2013, passed on 2nd reading on June 4, 2013 (Enrolled version of Bill 20-31), a company authorized to sell or negotiate homeowner’s or renter’s insurance in the District of Columbia shall provide a written notice that states that a standard homeowner’s or renter’s insurance policy does not cover losses from sewer-line back up to:

“(1) An applicant at the time of application for a homeowner’s or renter’s insurance policy;

“(2) A policyholder at the time of each renewal of a homeowner’s or renter’s insurance policy, to accompany the renewal notice; and

“(3) On a one-time basis, a policyholder of a homeowner’s or renter’s insurance policy; provided, that a company shall not be required to provide the one-time notice to an existing policyholder if the renewal of that policyholder’s policy comes due within 90 days of the date the company began issuing the notices required by this subsection.

“(b) The statement shall:

“(1) Be on a separate form;

“(2) Be titled, in at least 12-point type, “Sewer-line Backup Coverage Not Included in the Standard Homeowner's or Renter's Insurance Policy”; and

“(3) Contain, at a minimum, the following information, in at least 12-point type:

“(A) Advise the applicant that sewer-line backup insurance may be available for an additional premium and that a claim under a sewer-line backup insurance policy may be adjusted and paid on a different basis than a claim under a homeowner's or renter's insurance policy;

“(B) Advise the applicant that a separate application must be completed to purchase sewer-line backup insurance;

“(C) Advise the applicant to consult with the District Department of Insurance, Securities, and Banking or the applicant's mortgage lender about the risks of sewer-line backup and the potential costs and benefits of sewer-line backup insurance; and

“(D) Advise the applicant that the statement shall not be considered a replacement for the terms of the insurance policy, shall not have the effect of altering the coverage afforded by the policy, shall not confer new or additional rights beyond those expressly provided for in the policy, and is only provided as guidance to the homeowner in understanding the terms of the insurance policy.

“(c) If an application is made by telephone, the insurer is deemed to be in compliance with this section if, within 7 calendar days after the date of application, the insurer sends by mail the notice to the insured.

“(d) If an application is made using the Internet, the insurer is deemed to be in compliance with this section if the insurer provides the notice to the applicant in a stand-alone format, similar to the notice requirements in subsection (b)(1), (2), and (3) of this section, before the submission of the application.

“(e) The insurer's failure to provide notice as required under this section does not create a private right of action.”.

### **Sec. 3. Fiscal impact statement.**

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

### **Sec. 4. Effective date.**

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.