


Kenyan R. McDuffie

AN AMENDMENT

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IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

DATE: June 4, 2013

OFFERED BY: Councilmember Kenyan R. McDuffie

TO: Bill 20-31, the "District of Columbia Fire and Casualty Amendment Act of 2013"

VERSION:

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|-----------------------|--------------|
| Introduced | _____ |
| Committee Report | _____ |
| Committee Print | _____ |
| First Reading | _____ |
| Amended First Reading | _____ |
| Engrossed | <u> X </u> |
| Enrolled | _____ |

Section 2 is amended as follows:

Page 1, Lines 16-19: Strike in their entirety and insert the following in its place:

"(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."

Page 2, Line 16:

1. Strike the period at the end of subparagraph (E) of paragraph (3) and insert the phrase "and" in its place.
2. Add a new subparagraph (F) to paragraph (3) to read as follows:

“(F) Advise the applicant that the statement shall not be considered a replacement for the terms of the policy of insurance, 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 policy of insurance.”.

Page 2, Line 17: Strike the phrase“(4)” and insert the phrase “(c)” in its place.

Page 2, Line 20: Strike the phrase “(5)” and insert the phrase “(d)” in its place.

Page 3, Line 1: Strike the phrase “(6)” and insert the phrase “(e)” in its place.

Page 3, Lines 6-9: Strike in their entirety and insert the following in its place:

“(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.”.

Page 3, Line 20: Strike the word “and” at the end of subparagraph (B).

Page 3, Line 23:

1. Strike the period at the end of subparagraph (C) of paragraph (3) and insert the phrase “; and” in its place.

2. Add a new subparagraph (D) to paragraph (3) to read as follows:

“(D) Advise the applicant that the statement shall not be considered a replacement for the terms of the policy of insurance, 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 policy of insurance”.

Page 4, Line 1: Strike the phrase “(4)” and insert the phrase “(c)” in its place.

Page 4, Line 4: Strike the phrase “(5)” and insert the phrase “(d)” in its place.

Page 4, Line 8: Strike the phrase “(6)” and insert the phrase “(e)” in its place.

Page 4: Strike Section 3 in its entirety, and renumber the remaining sections accordingly.

Rationale: Sections 2(a) and 2(b) create parallel provisions; section (a) requires insurers to provide notice regarding the availability of flood insurance, and section (b) requires insurers to provide notice regarding the availability of sewer line backup insurance. Identical text is being added to each section to inform policy-holders that the notice required by the bill is meant to be informative, and does not alter the terms of the policy. The amendment also clarifies language in both sections to provide that the insurance company does not have to issue the otherwise required one-time notices to an existing policyholder if the policyholder is scheduled to receive a renewal notice within 90 days of the date the insurance company begins issuing the required notices that are to accompany a renewal notice. All other changes are technical in nature.

Fiscal Impact: This amendment will not have a fiscal impact.

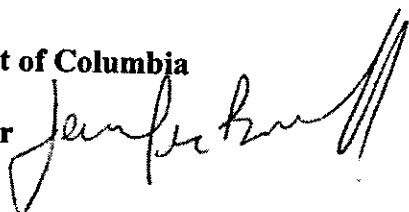
COUNCIL OF THE DISTRICT OF COLUMBIA
Office of the Budget Director



Jennifer Budoff
Budget Director

FISCAL IMPACT STATEMENT

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jennifer Budoff - Budget Director 

DATE: June 4, 2013

SHORT TITLE: B20-31, "District of Columbia Fire and Casualty Amendment Act of 2013"

TYPE: Amendment

REQUESTED BY: Councilmember Kenyan R. McDuffie

Conclusion

This amendment will not have an adverse impact on the District's budget and financial plan because there is no cost associated with the amendment.

Background

Bill 20-31 would require insurers to provide notice to their customers regarding the availability of flood insurance and sewer line backup insurance. As the Chief Financial Officer noted in his fiscal impact statement for B20-31, issued on March 26, 2013, funds are sufficient to implement the legislation, as it does not impose any costs on the District.

This amendment would require the notices to include statements to the effect that the notices are meant to be informative and do not alter the terms of the policy. The amendment also includes several clarifying and conforming modifications. This amendment does not add any costs to the District.

Analysis of Impact on Spending

This amendment will not adversely impact spending.

Analysis of Impact on Revenue

This amendment will not adversely impact revenue.