

AN ACT

*Codification
District of
Columbia
Official Code*

2001 Edition

2003 Supp.

West Group
Publisher

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend the District of Columbia Insurance Placement Act to require the Industry Placement Facility to offer certain homeowner's coverage to owner-occupants of eligible residential real property located in the District of Columbia who may desire to purchase such coverage, but cannot obtain homeowner's insurance coverage through the commercial marketplace.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Homeowner's Insurance Availability Amendment Act of 2002".

Sec. 2. The District of Columbia Insurance Placement Act, approved August 1, 1968 (82 Stat. 567; D.C. Official Code § 31-5001 *et seq.*), is amended as follows:

Amend
§ 31-5001

(a) Section 1202 (D.C. Official Code § 31-5001) is amended as follows:

(1) Strike the phrase "basic property insurance" wherever it appears and insert the phrase "basic property insurance and homeowner's insurance" in its place.

(2) Paragraph (3) is amended as follows:

(A) Strike the phrase "maximum use" and insert the phrase "maximum use and utilization" in its place.

(B) Strike the phrase "authorized insurers; and" and insert the phrase "authorized insurers;" in its place.

(3) Paragraph (4) is amended as follows:

(A) Strike the phrase "District of Columbia to provide for" and insert the phrase "District of Columbia to provide for insuring and" in its place.

(B) Strike the phrase "hazards." and insert the phrase "hazards; and" in its place.

(4) A new subparagraph (5) is added to read as follows:

"(5) To encourage the delivery of essential property insurance, and the homeowner's insurance that is provided by the Facility, at the most reasonable cost possible; provided, that insurance pricing by the Facility:

"(A) Is actuarially self-supporting; and

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“(B) Does not actively compete with insurance pricing in the normal insurance market provided by authorized insurers.”.

**Amend
§ 31-5002**

(b) Section 1203 (D.C. Official Code § 31-5002) is amended as follows:

(1) Paragraph (2) is amended to read as follows:

“(2) The term “basic property insurance” means insurance against direct loss to property caused by perils as defined and limited in the standard fire policy and extended coverage endorsement thereon, as approved by the Commissioner.”.

(2) A new paragraph (3A) is added to read as follows:

“(3A) The term “homeowner’s insurance” means insurance for residential property that provides a combination of coverages, including fire, extended coverage, vandalism and malicious mischief, burglary, theft, and personal liability. The term shall include a policy of insurance which is limited to basic market value, repair cost, or actual cash value contracts for owner-occupants of one-to-four-family dwellings as approved by the Commissioner.”.

(3) Paragraphs (4) and (5) are amended by striking the phrase “basic property insurance” wherever it appears and inserting the phrase “basic property insurance or homeowner’s insurance” in its place.

**Amend
§ 31-5003**

(c) Section 1204 (D.C. Official Code § 31-5003) is amended as follows:

(1) Subsection (a) is amended by striking the phrase “to seek the equitable apportionment amount such insurers of basic property insurance which may be afforded applicants” and inserting the phrase “to seek the equitable apportionment among such insurers of basic property insurance and homeowner’s insurance which may be afforded applicants” in its place.

(2) Subsection (b) is amended to read as follows:

“(b) The Facility may, subject to the approval of the Commissioner, provide as part of its program for the equitable distribution of commercial risks and dwelling risks among insurers. Such distribution of risks may be implemented through assignment of policies to one or more participating companies or through joint underwriting of risks as provided by section 1206.”.

(d) Section 1205(a)(3) (D.C. Official Code § 31-5004(a)(3)) is amended by adding a new subparagraph (A-i) to read as follows:

**Amend
§ 31-5004**

“(A-i) The homeowner’s insurance coverages to be provided through the Facility; provided, that these coverages shall not be less than homeowner’s insurance;”.

(e) Section 1206(c)(1) (D.C. Official Code § 31-5005(c)(1)) is amended as follows:

**Amend
§ 31-5005**

(1) Strike the phrase “efficient provision of” and insert the phrase “efficient provision of insurance or” in its place.

(2) Strike the phrase “basic property insurance” and insert the phrase “basic property insurance and homeowner’s insurance” in its place.

(3) Subparagraph (F) is amended by striking the phrase “Reasonable underwriting standards” and inserting the phrase “Reasonable underwriting standards and

ratemaking” in its place.

(4) Subparagraph (G) is amended to read as follows:

“(G) Assumption and cessation of insurance and of reinsurance;”.

(5) A new subparagraph (G-i) is added to read as follows:

“(G-i) Immediate binding of eligible homeowner’s risks;”.

(6) A new subparagraph (G-ii) is added to read as follows:

“(G-ii) Encouragement of agents, brokers, and applicants to transfer insurance coverage provided by the Association, through either insurance or reinsurance, to the normal insurance market provided by authorized insurers; and”.

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.

Chairman
Council of the District of Columbia

Mayor
District of Columbia