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Legislative District 14
Montgomery County

Budget and Taxation Committee
Chair, Capital Budget Subcommittee

Chair, Senate Democratic Caucus



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony of Senator Craig J. Zucker
Senate Bill 806 – Business Regulation – Licensed Home Improvement Contractors –
Liability Insurance
Education, Energy and the Environment Committee
March 7th, 2024
1:00PM
Position: Favorable

Good afternoon, Chair Feldman, Vice Chair Kagan, and distinguished members of the committee. It is my pleasure to testify today in support of **Senate Bill 806- Business Regulation – Licensed Home Improvement Contractors – Liability Insurance.**

The Maryland Home Improvement Commission (MHIC), a division within the Maryland Department of Labor, is responsible for licensing and overseeing home improvement contractors and salespersons. Additionally, MHIC manages a guaranty fund designed to compensate homeowners for real financial losses resulting from mistakes or oversights by licensed contractors and their subcontractors, salespersons, and employees.

Under current law, home improvement contractors (or an applicant for a home improvement contractor license) are required to maintain a general liability insurance policy with a minimum coverage of \$50,000 – an amount that is likely insufficient to cover restitution should damage occur to a homeowner residence. In the event that a claim is filed, and it exceeds the \$50,000 in damages, homeowners may go to court and file a lawsuit against the contractor or file a complaint against the contractor at the MHIC and seek restitution from the Guaranty Fund.

Senate Bill 806 would increase the minimum coverage amount from \$50,000 to \$500,000. By ensuring that contractors have sufficient insurance coverage, Senate Bill 806 would make certain greater financial protections for homeowners and contractors alike, as well as help to mitigate legal risks. MHIC has also noted that, in practice, contractors' insurance policies are generally written for \$500,000 or \$1,000,000. According to MHIC, \$50,000 policies are not available.

Senate Bill 806 will help protect homeowners and licensed home improvement contractors across Maryland. For these reasons, **I urge a favorable report on Senate Bill 806.** Thank you for your kind consideration.