

# **evarentersins.pdf**

Uploaded by: EVA RODRIGUEZ

Position: FAV

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**EVA L RODRIGUEZ**

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14th February 2024

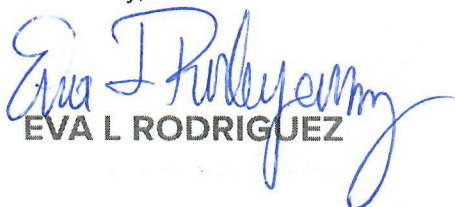
**Letter of Support for HB564 "Real Property - Residential Leases - Renter's Insurance Requirement"**

Dear to whom it may concern,

My name is Eva Rodriguez. I am a local investor within the Prince Georges County area. I have lived in Prince George's County for over 35 years and have purchased several properties within the county. A few years ago we had an incident where one of my units caught on fire and everything within the unit was lost, thank god no one was injured during this event. When my tenant and I signed the contract she turned everything over to me including her renters insurance. The fire occurred within the unit and this was when I found out that she stopped paying for her renters after giving me the proof when the contract was signed. Since she had no renters insurance she was financially responsible for all of her expenses and the losses that occurred because of the fire. During that time she was a student in college with a part time job barely being able to cover her expenses. She lost everything, from her clothes, furniture, school books, etc. Had she had renters insurance she would have been reimbursed for everything she lost. I saw the financial and emotional burden this event placed on her life. This is a great example on why renters insurance should stay mandatory in Maryland. Making it optional to tenants all around could place a massive financial burden on many families around the state if they were to ever come into a situation where they would need renters insurance.

If any other information is need, my contact information is placed above

Sincerely,

  
**EVA L RODRIGUEZ**

# **HB 564 FWA Renters Insurance Final.pdf**

Uploaded by: Albert Turner

Position: FWA



Albert Turner  
Public Justice Center  
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## HB564: Real Property - Residential Leases - Renter's Insurance Requirement

Hearing before the House Environment and Transportation Committee on February 16, 2024

Position: Favorable With Amendments

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The Public Justice Center (PJC) is a nonprofit public interest law firm that stands with tenants to protect and expand their rights to safe, habitable, affordable, and non-discriminatory housing and their rights to fair and equal treatment by Maryland's landlord-tenant laws, courts, and agencies. The PJC actively works towards instigating systemic changes to establish a society founded on justice. The PJC assists over 800 renters and their families each year and has expertise in the field of landlord-tenant cases. While we appreciate the underlying intent of HB564, we believe that the bill requires amendments to better protect tenants who are already experiencing rising rents and costs.

We understand from the bill Sponsor that the provisions on page 4, lines 25-34 will be stricken because the landlord may not acquire a renters' insurance policy on behalf of the tenant. We support this amendment.

We also support the existing provisions in page 3, lines 27-33, that prohibit landlords from requiring the tenant to name the landlord as a beneficiary on the policy or requiring the tenant to buy a policy from a particular vendor. Far too often we have seen landlords try to require tenants to name the landlord as the beneficiary. The point of renters' insurance is to provide financial relief to the renter in case they lose their home and belongings in an accident, burglary or natural disaster – the landlord should never be the beneficiary of such a policy.

While we agree that renters' insurance is important for renters' financial security, **we oppose the provision on page 2, lines 24-26, that requires renters to purchase maintain a renters' insurance policy regardless of the lease.** First, for extremely low income tenants who are on very strict budgets, an additional \$10 to \$30 in insurance payments each month could undermine their housing stability. In addition, voucher holders and subsidized tenants who are often on very limited, fixed incomes (pensions, SSI, SSDI) and whose portion of the rent could be \$0 to \$50, would find themselves facing a 50% or even 100% rent increase. For fixed income seniors, disabled persons, and single parents with limited ability to increase their incomes, this imposition of a new fee could be the difference between housing stability and eviction/homelessness. Second, requiring tenants to have renters' insurance could lead to more eviction cases if the failure to comply with this provision becomes a breach of lease.

Public Justice Center has begun working with the Sponsor and will continue to dialogue about amendments that may be able to resolve this issue including exempting low-income renters from the requirement and clarifying that failure to obtain renters' insurance is not a breach of the lease.

Public Justice Center asks that the Committee amend the bill to remove the renter's insurance requirement on page two or significantly amend this requirement to address the concerns raised above. If you have any questions, please contact Albert Turner, Esq., [turnera@publicjustice.org](mailto:turnera@publicjustice.org) (410) 625-9409 Ext. 250.

**MMHA - 2024 - HB 564 - FWA.pdf**

Uploaded by: Grason Wiggins

Position: FWA



## House Bill 564

**Committee: Environment and Transportation**

**Date: February 16, 2024**

**Position: Favorable with Amendments**

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The Maryland Multi-Housing Association (MMHA) is a professional trade association established in 1996, whose members house more than 538,000 residents of the State of Maryland. MMHA's membership consists of owners and managers of more than 210,000 rental housing homes in over 958 apartment communities and more than 250 associate member companies who supply goods and services to the multi-housing industry.

House Bill 564 ("HB 564") requires a residential lease to include a requirement that a tenant hold a renter's insurance policy for their personal property and completely prohibits a housing provider from including any type of requirement for the insurance policy. Additionally, in cases where a tenant refuses to obtain an insurance policy, HB 564 would require the housing provider to obtain an insurance policy on behalf of the tenant.

Housing providers have a vested interest in covering damages and losses to their property, which may be covered by a renter's insurance policy. For example, housing providers may currently require an insurance policy to include a certain amount of coverage for potential damage to the property. For this reason, Maryland law should allow housing providers to require certain stipulations on renter's insurance coverage as a precondition to leasing a residence.

In addition to the complete prohibition on insurance requirements, MMHA is concerned with the bill's requirement for a housing provider to obtain insurance on behalf of tenants who choose not to comply with the bill's requirements for tenants to obtain a policy. Simply stated, housing providers shouldn't be tasked with obtaining an insurance policy to cover renter's personal belongings when a tenant fails to comply. Additionally, HB 564 fails to classify insurance premiums as rent, which means that housing providers will have little to no realistic recourse when tenants don't pay monthly premiums on the insurance that HB 564 would require housing providers to obtain on behalf of tenants that choose not to comply.

In sum, housing providers should have the right to decide whether a certain amount of insurance coverage is necessary to lease a property, and housing providers shouldn't be forced to obtain insurance coverage for tenants that choose not to comply with requirements set forth in the bill. For these reasons, MMHA respectfully requests the following amendments to HB 564.

### **Amendments:**

On page 3, remove lines 27 through 33 in their entirety.

On page 4, remove lines 25 through 34 in their entirety.

Please contact Grason Wiggins at (912) 687-5745 with any questions.

# **MAHC Testimony\_HB 564\_renters insurance\_FAV W AMEN**

Uploaded by: Miranda Willems

Position: FWA





**Testimony to the House Environment & Transportation Committee  
HB 564 – Real Property – Residential Leases – Renter’s Insurance  
Requirement  
Position: FAVORABLE WITH AMENDMENTS  
February 16, 2024**

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HB 564 would require renters to obtain a renter’s insurance policy to protect their personal belongings. It would also require a property owner to obtain a policy on behalf of that renter if they failed to provide evidence of such policy to the landlord. While we agree that obtaining a renter’s insurance policy is a good idea and will protect a tenant’s personal belongings in case of loss or damage, it should not be mandated by the State. Furthermore, in affordable housing properties where the rents that can be charged are set by federal agencies (such as HUD), the mandatory renter’s insurance payment would have to be treated like a utility allowance and the cost of the policy would be deducted from the max rent the tenant can pay, leaving the property owner with less rent to cover their operating costs and debt service payments to their lenders. Due to federal regulations, the property owners would not be allowed to recuperate the cost of the insurance policy from the tenant or add it to their rent, so the property owner would have to bear the cost of the policy. Federally financed and subsidized affordable housing properties are already extremely sensitive to unanticipated operating expense increases, such as those incurred in recent years due to skyrocketing insurance rates, increased utility costs, staff costs, etc. so adding another cost to operate these properties would create an unfair financial burden on these property owners.

Our members would be the most financially burdened by the requirements set forth in the bill, so we respectfully request that federally financed and subsidized properties be exempt from the portion of the bill that would require owners to obtain renter’s insurance policies on behalf of their tenants.

MAHC is the leading organization for the affordable rental housing industry in Maryland and represents over 185 member organizations, including nonprofit and for-profit developers, State and local housing authorities, property management companies, financial institutions, community development organizations, contractors, tax credit investors, consultants and individuals.

**Respectfully submitted on February 16 2024 by Miranda Darden-Willems, Executive Director, on behalf of the MAHC Board of Directors.**



**MAHC Board of Directors**

Christine Madigan, Enterprise Community Development, President

Tom Ayd, Green Street Housing, Vice President

Willy Moore, Southway Builders, Secretary

Miles Perkins, AGM Financial, Treasurer

Mansur Abdul-Malik, NHP Foundation

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Mike Font, New Harbor Development

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Dana Johnson, Homes for America

Brian Lopez, Osprey Property Company

Dan McCarthy, Episcopal Housing

David Raderman, Gallagher, Evelius & Jones, Of Counsel

Catherine Stokes, Telesis Corporation

Jessica D. Zuniga, Foundation Development Group, Ex Officio

[www.mdahc.org](http://www.mdahc.org)

443-758-6270

**HB 564-AOBA--FWA.pdf**

Uploaded by: Ryan Washington

Position: FWA



**Bill No:** HB 564—Real Property - Residential Leases - Renter's Insurance Requirement

**Committee:** Environment and Transportation

**Date:** 2/16/2024

**Position:** Favorable with Amendments

The Apartment and Office Building Association of Metropolitan Washington (AOBA) represents members that own or manage more than 23 million square feet of commercial office space and 133,000 apartment rental units in Montgomery and Prince George's Counties.

House Bill 564 requires a residential lease to include a requirement that a resident must maintain a renter's insurance policy that includes the housing provider as a beneficiary, an insured party, or an additional insured. The bill also requires a housing provider to acquire an insurance policy on behalf of a resident and charge the insurance premium to the resident. However, the housing provider may not be the beneficiary, an insured party, or an additional insured under the policy.

AOBA appreciates the bill sponsor for listening to the industry's concerns and making amendments to the bill. With the amendments, it will remove **Page 4, Lines 25-34**, which would have required a housing provider to acquire renter's insurance for a resident and also remove language precluding a housing provider from being listed as an insured party. The amendment also adds language to mandate a resident provide the housing provider an active declaration page of a renters insurance policy at the time of signing the lease and lease renewal. AOBA supports the intent of this legislation as members already require in their lease for a resident to have an insurance policy for personal property and liability coverage during their tenancy. AOBA recommends the following amendment:

- On page 3, remove lines 27 through 33 in its entirety.

**For these reasons AOBA requests a favorable with amendments report on HB 564.** For further information contact Ryan Washington, AOBA Manager of Government Affairs, at 202-770-7713 or [rashington@aoba-metro.org](mailto:rashington@aoba-metro.org) .

**HB 564\_realtors\_fwa.pdf**

Uploaded by: William Castelli

Position: FWA



**House Bill 564 – Real Property – Residential Leases – Renter’s Insurance Requirement**

**Position: Favorable with Amendment**

Maryland REALTORS® supports HB 564 with changes to ensure that landlords may still be added as an additional insured for liability protection regarding claims caused by the tenant and eliminating the requirement that landlords acquire the insurance for the tenant.

HB 564 would require tenants to maintain a renter’s insurance policy covering the tenant’s personal property. The REALTORS® and its property manager members believe this is an important requirement for tenants who could face difficult financial losses from tragedies like fires, water damage, theft, etc.

However, the REALTORS® believe that a landlord should not be prohibited from requesting to be added/listed as an additional insured. The additional insured endorsement extends liability insurance coverage beyond the named insured to include the landlord. The purpose of the additional insured endorsement is to keep the burden of risk closest to those parties most likely to create losses. Of course, a property owner or landlord would most certainly carry their own property and liability insurance. Additional insured status provides additional protection, for example, when the actions of the tenant result in the property owner being sued for legal liability.

Finally, the landlord should not be responsible for acquiring the renter’s insurance for the tenant. The tenant best understands the nature of the tenant’s finances and insurance needs.

With these changes, the Maryland REALTORS® recommend a favorable report.

**For more information contact [lisa.may@mdrealtor.org](mailto:lisa.may@mdrealtor.org) or  
[christa.mcgee@mdrealtor.org](mailto:christa.mcgee@mdrealtor.org)**

**AMENDMENT**

On page 3, in line 28, strike “:” and add “FROM A PARTICULAR INSURER OR LIST OF INSURERS.”

On page 3, strike lines 29-33.

On page 4, strike lines 25-34.



# **HB0564 - Maryland Legal Aid - FWA.pdf**

Uploaded by: Zafar Shah

Position: FWA



**MARYLAND  
LEGAL AID**

*Advancing  
Human Rights and  
Justice for All*

**House Bill 564**

**Real Property – Residential Leases – Renter’s Insurance Requirement**

Hearing in the House Environment and Transportation Committee

Hearing on February 16, 2024

**Position: FAVORABLE WITH AMENDMENT**

*Maryland Legal Aid (MLA) submits its written and oral testimony on HB0564 at the request of Delegate Jen Terrasa.*

MLA is a non-profit law firm that provides free legal services to the State’s low-income and vulnerable residents. Our offices serve residents in each of Maryland’s 24 jurisdictions and handle a range of civil legal matters, the most prominent of which is housing. Our Tenants’ Right to Counsel Project represented tenants in over 2,000 cases in 2023. Maryland Legal Aid asks that this Committee report **favorably with amendment** on HB0564.

This bill mandates that all tenants in the State of Maryland carry renters insurance at their own cost. We oppose this mandate principally because our clients would struggle to afford the cost of the insurance premium and deductible. However, HB0564 would also prohibit landlords from steering renters to choose certain renters insurance policies or certain policy terms and further prohibit landlords from naming themselves as a beneficiary or additional insured on a renters insurance policy. MLA supports these prohibitions.

***A rental insurance mandate would exacerbate housing unaffordability.***

We are in a national housing emergency, with homelessness<sup>1</sup> and housing expenses<sup>2</sup> at or near all-time highs. Any additional expense imposed by law on a low-income tenant in this environment increases the likelihood that that tenant could fall behind on rent or other obligations, placing Maryland households in the predicament of choosing to risk eviction or to risk some other setback.

The cost of renters insurance is considered minimal, often equated with “one cup of coffee a day.” The National Association of Insurance Commissioners cites the average cost at “between \$15 and \$30 per month depending on the location and size of the rental unit and the policyholder’s possessions.”<sup>3</sup> MLA’s clients often do not have the luxury of a Starbucks run. A \$30 monthly premium for renters

<sup>1</sup> The U.S. Department of Housing and Urban Development, 2023 Annual Homelessness Assessment Report (AHAR) to Congress, published December 2023, available at <https://www.huduser.gov/portal/sites/default/files/pdf/2023-AHAR-Part-1.pdf> (finding that the 2023 Point-in-Time count recorded the highest number of people reported as experiencing homeless since reporting began in 2007).

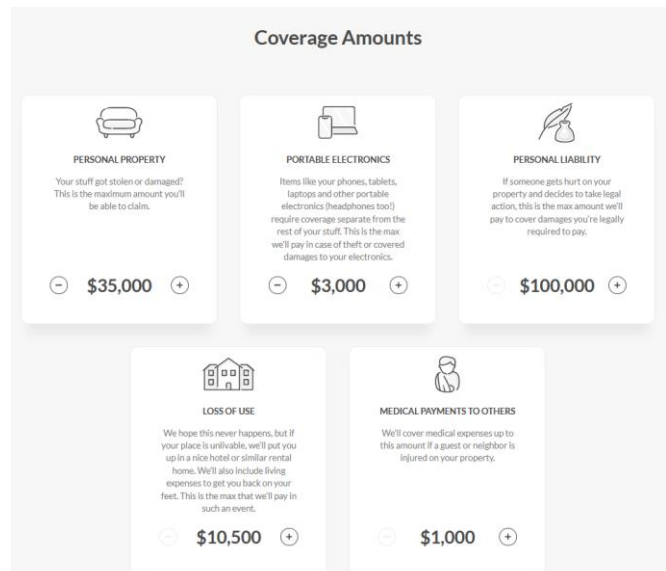
<sup>2</sup> The U.S. Department of Housing and Urban Development, Median Rental Price from 2001 to 2021, available at [https://www.huduser.gov/portal/ushmc/hd\\_rai.html](https://www.huduser.gov/portal/ushmc/hd_rai.html) (finding median rent near all-time highs).

<sup>3</sup> National Association of Insurance Commissioners, “For Rent: Protecting Your Belongings with Renters Insurance” (Jan. 1, 2015), available at <https://content.naic.org/article/consumer-insight-rent-protecting-your-belongings-renters-insurance>.



insurance might require skipping a prescription refill, turning off a phone plan, falling into arrears on the water bill, or forgoing a fill-up at the gas station.

One prominent renters insurance carrier called Lemonade advertises coverage for as little as \$5.00 per month.<sup>4</sup> For basic coverage, however, the cost comes to \$281 annually (\$23.42 per month) with a \$2,500 deductible. This cost may fluctuate based on the location, age, and “durability” of a property. At this price, Lemonade provides only \$35,000 in personal property coverage. According to State Farm, “[f]or the average renter, the cost of replacing all of their belongings—including clothes, cookware, and computers—could easily exceed \$35,000.”<sup>5</sup> The policy also limits coverage of “additional living expenses” to \$10,500 and personal liability protection to \$100,000.



Price estimate for a Baltimore City apartment (Feb. 14, 2024)

This example illustrates that renters insurance that low-income renters would struggle to afford would be unlikely to benefit them in practice. In MLA’s experience with low-income and extremely low-income households, renters would be unlikely to maintain the mandated renters insurance by paying the monthly premium on time and would thereby become vulnerable to an eviction action based on breach of the lease. Even if they maintained the policy, it would be unlikely that they could use their policy because the deductible is prohibitively expensive. They would have paid for minimal coverage that they cannot afford to use when needed.

***Mandated renters insurance may violate federal housing laws.***

Tenants in federally subsidized housing make up a substantial portion of MLA’s clients. Their housing costs are set as a percentage of their income. In Section 8, public housing, and Section 236 Rental Assistance Payment and Rent Supplement properties, mandatory fees for nonessential services – such as renters insurance – violate federal law if, when added to rent, the tenant’s total housing cost exceeds 30% of adjusted income.<sup>6</sup> Mandatory charges for nonessential services, such charges may also violate the law governing maximum rental charges for flat rent tenants (e.g., Section 236 Basic Rent or “market rent”).

<sup>4</sup> Mike Miller et al., “Lemonade Renters Insurance Review 2022: Coverage and Cost,” MarketWatch, available at [www.marketwatch.com/guides/insurance-services/lemonade-renters-insurance-reviews](http://www.marketwatch.com/guides/insurance-services/lemonade-renters-insurance-reviews).

<sup>5</sup> Penelope Wang, “Why You Should Buy Renters Insurance,” Consumer Reports (Mar. 8, 2021), available at <https://www.consumerreports.org/money/why-you-should-buy-renters-insurance-a3621387609>.

<sup>6</sup> See *Hous. Auth. & Urban Redev. Agency of Atl. City v. Taylor*, 796 A.2d 193 (N.J. 2002).

For the aforementioned reasons, **MLA asks that the Committee, by amendment, strike the renters insurance mandate from the bill – striking lines 21 through 26 on page 2.**

*Other provisions of HB0564 would protect Maryland tenants from bad insurance products forced on them by the terms of their leases.*

Presently, landlords can (and do) compel their tenants to purchase renters insurance as a requirement in the lease. These leases typically also require the tenant to name the landlord as beneficiary of the policy. Effectively, through the lease, which is rarely if ever negotiated, the landlord steers tenants towards the landlord's preferred insurance product, with coverage amounts that primarily benefit the landlord.

**67. INSURANCE:** During the term of this Lease, and any renewal or extension thereof, Resident shall, at Resident's sole cost and expense, purchase renter's form homeowner's insurance coverage on the Premises providing for personal liability (bodily injury and property damage) coverage with a limit of not less than \$300,000.00 each occurrence and \$5,000.00 in medical payments coverage; and further, providing coverage to keep Resident's personal property on and in the Premises insured for the benefit of Resident against loss or damage resulting from broad form named perils on a replacement cost basis. In addition, Resident must name **The Mount Washington Group, LLC** as either an "Interested Party" or an "Additional Interest" under the policy(ies). Resident shall provide a copy of a certificate of insurance of the policy(ies) required by this Section. Should Resident fail to comply with the provisions of this Section of this Lease Agreement, Resident shall pay to Agent an additional \$25.00 (TWENTY FIVE DOLLARS) per month, to be collected as additional rent, until Resident purchases and maintains the insurance coverage required by this Section. Collection of such fee shall be in addition to, and not in Lieu of, any other remedies which Agent may have as a result of Resident's failure to comply with this Lease provision. \_\_\_\_\_

*Example of a renters insurance requirement in a lease agreement*

Through these policies, landlords may bring claims to recover costs for damage which otherwise, in absence of a renters insurance policy, would be the landlord's liability.

For example, because of unmaintained plumbing, a renter's unit is flooded by water, destroying the renter's belongings. The mandated renters insurance policy mitigates the landlord's liability for damage to the tenant's belongings. Ordinarily, if unit flooded due to negligent maintenance practices, the landlord would be liable for replacing the tenant's belongings, temporarily relocating the tenant during repairs, etc. The mandated renters insurance policy minimizes the landlord's liability for those costs. Thus, landlords may seek to compel tenants to choose higher-cost policies, with higher levels of coverage, to increase the landlord's benefit – at the tenant's cost. By compelling the tenant to name the landlord as a beneficiary, the landlord may make claims on the tenant's policy directly. In this example, the landlord may turn to the renters insurance policy to cover the cost of repair of pipes, flooring, and dry wall instead of using their own property insurance. This reduces the landlord's own insurance costs.

HB0564 prohibits landlords from taking advantage of tenants when renters insurance is required under the lease. MLA supports the bill's provisions (page 3:27-33) that prohibit lease clauses that require

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tenants to purchase renters insurance from a particular insurer, which require the policy to include the landlord as beneficiary or additional insured, or that require any other specific requirements.

***MLA supports the Sponsor's amendments.***

MLA understands that the Sponsor seeks to strike the provisions of page 4:25-34. MLA is supportive of those changes.

Maryland tenants should be free to choose the types of coverage they want, from the insurers they want. **Maryland Legal Aid urges the Committee to issue a FAVORABLE WITH AMENDMENT report on House Bill 564.**

If you have any questions, please contact Joseph Loveless, Staff Attorney, (410) 925-8572, [jloveless@mdlaborg](mailto:jloveless@mdlaborg) or Zafar Shah, Assistant Advocacy Director – Tenants' Right to Counsel Project, (443) 202-4478, [zshah@mdlaborg](mailto:zshah@mdlaborg).



Tenants' Right to Counsel Project

# **HB 564\_Consumer Protection Division\_Oppose\_2024\_FI**

Uploaded by: Kira Wilpone-Welborn

Position: UNF

**CANDACE MCLAREN LANHAM**  
*Chief Deputy Attorney General*

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*Deputy Attorney General*

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**PETER V. BERNS**  
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**ANTHONY G. BROWN**  
*Attorney General*

**STATE OF MARYLAND**  
**OFFICE OF THE ATTORNEY GENERAL**  
**CONSUMER PROTECTION DIVISION**

**WILLIAM D. GRUHN**  
*Chief*  
Consumer Protection Division

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February 14, 2024

To: The Honorable Marc Korman  
Chair, Environment and Transportation Committee

From: Kira Wilpone-Welborn, Assistant Attorney General  
Consumer Protection Division

Re: House Bill 564 – Real Property - Residential Leases - Renter's Insurance Requirement  
(OPPOSE)

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The Consumer Protection Division of the Office of the Attorney General (the “Division”) opposes House Bill 564 sponsored by Delegates Taveras, Alston, Martinez, Simmons, Vogel, and Woods. Although renter’s insurance provides a valuable protection against loss and damage to a renter’s personal property, mandating insurance coverage, as House Bill 564 proposes, could make housing unaffordable for low-income renters and subject them to unfair, abusive, and deceptive trade practices.

First, although House Bill 564 would prohibit a lease agreement that requires a renter to purchase renter’s insurance from a specific insurer, identifies the landlord as a beneficiary, or meets other requirements unilaterally determined by the landlord, House Bill 564’s mandate that renters purchase renter’s insurance would place additional financial stress on financially vulnerable renters. Low-income renters continue to face difficulties finding affordable housing.<sup>1</sup> Mandating an additional fee in the form of renter’s insurance could further exacerbate housing unaffordability.

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<sup>1</sup> See Joint Center for Housing Studies of Harvard University, “America’s Rental Housing 2024,” at 18-19 (“In total, [since 2012], the market lost 6,1 million units renting for less than \$1,000, the maximum amount affordable to a household earning \$40,000 per year.”).

Second, House Bill 564's requirement that a landlord purchase insurance on behalf of a renter who does not purchase insurance could unintentionally expose renters to unfair, abusive, and deceptive trade practices. At a minimum, a landlord purchasing insurance for a renter does not have the same incentive to secure the most affordable insurance, or the insurance that provides the best protection against loss and damages. As a result, renters who did not purchase insurance on their own could be saddled with expensive insurance that does not meet their needs. Additionally, allowing the landlord to pass on the insurance premiums to the renters when the insurance is unaffordable could result in non-payment of rent by renters, the misallocation of payments by the landlord and, ultimately, the threat of eviction.

Finally, House Bill 564 does not make clear what penalty or consequence there is if a landlord fails to obtain renter's insurance on behalf of renters who do not independently acquire their own insurance. If the uninsured renter suffered loss or damage to their personal property, House Bill 564 remains silent on the outcome.

Although protecting renters' personal property from unexpected loss and damage is a prudent goal, renters should not be forced into additional payments that could threaten their housing stability. For these reasons, the Division requests the Environment and Transportation Committee issue an unfavorable report.

Cc: The Honorable Deni Taveras, *et al.*  
Members, Environment and Transportation Committee

# **HB\_564\_INFO\_JIA\_ProgramOfOperationJune2022**

Uploaded by: Christopher Dooley

Position: INFO

**Program of Operation of the  
Joint Insurance Association  
Under the  
Maryland Property Insurance Availability Act**

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**Program of Operation of the  
Joint Insurance Association  
Under the  
Maryland Property Insurance Availability Act**

**Article I Name**

This organization shall be an unincorporated association and shall be known as Joint Insurance Association (hereinafter referred to as "Association". Its headquarters shall be In Maryland.

**Article II Purpose**

It is the purpose of this Association to implement the provisions of the Maryland Property Insurance Availability Act (Sections 25-401 through 25-410 of the Insurance Article of the Maryland Code, hereinafter referred to as the "Act") and of this Program of Operation. All provisions of this program are to be construed so as to comply with the Maryland Insurance Code.

The Association may provide insurance coverage only on property located in the State of Maryland.

**Article III Definitions**

- A. All terms shall have the meanings assigned such terms by Section 25-401, of the Maryland Insurance Code.
- B. "Service Insurer" shall mean an insurer that enters into an agreement with the Association to issue or service policies or risks referred to it by the Association.
- C. Except as specifically noted, "Homeowners Insurance" shall mean insurance as defined and limited by Section 25-401(e) and Section 25-405(g) of the Act.
- D. The words "Essential Property Insurance components of multi-peril policies" in Title 25-401.(g)(1) of the Act shall mean one hundred percent (100%) of voluntary market homeowner's multiple peril policy premiums, ninety-five percent (95%) of farmowner's multiple peril policy premiums and one-hundred percent (100%) of commercial multiple peril policy premiums (non-liability portion).
- E. "Maryland Insurance Code" shall mean the Insurance Article of the Maryland Code.

**Article IV Membership**

**A. Members**

The Association's members shall comprise all insurers licensed to write in the State of Maryland, on a direct basis, Essential Property Insurance or any component thereof in multi-peril policies.

**B. Withdrawal of Membership**

A member which has withdrawn from the State or whose license has been suspended or revoked or against which delinquency proceedings have been instituted shall continue to be liable for its share of the obligations arising from its participation in the Association calculated

as of the end of the Association's fiscal year, regardless of the date of the withdrawal, license suspension or revocation, or institution of delinquency proceedings.

C. Merger or Consolidation

When a member has been merged or consolidated into another insurer, such member or its successor in interest shall remain liable for all obligations hereunder and shall continue to participate in the Association based upon the Premiums Written of the member and the other insurers with which it has been merged or consolidated.

**Article V Governing Committee**

A. Number

The Association shall be administered by a Governing Committee consisting of nine (9) members selected in accordance with the provisions of Section 25-403(e) of the Maryland Insurance Code.

B. Powers

1. The Governing Committee shall have responsibility for the administration of the Association and may adopt and promulgate such rules as may be necessary to carry out the purposes of the Association, subject to the approval of the Commissioner.
2. The Governing Committee is empowered to appoint a Manager, who shall serve at the pleasure of the Governing Committee, and to budget expenses, levy assessments, hire personnel, disburse funds, participate in and make contributions to arson reward funds and other similar funds, and perform all other duties provided herein or necessary or incidental to the proper administration of the Program. Further, the Governing Committee shall furnish to all members of the Association a report of operations, which shall include at least the following:
  - a. number of requests for inspection
  - b. number of inspections performed
  - c. Results of underwriting by the Association, broken down as to number of risks conditionally accepted, number of reinspections performed, number of risks declined, and such other information as the Committee may prescribe.

C. Officers

The Governing Committee shall elect from its number a Chair and a Vice-Chair and shall appoint a Secretary.

D. Place and Frequency of Meetings

Regular and special meetings of the Governing Committee shall be held in a place within or without the State of Maryland as designated by the Chair of the Governing Committee. The Governing Committee shall meet as often as may be required to perform the general duties of administration and shall meet at the call of the Chair or upon the request of any three members of the Governing Committee. Due notice of all meetings shall be furnished to all members of the Governing Committee by the Secretary.

E. Procedure

The Chair, or in the Chair's absence the Vice-Chair, shall preside at meetings of the Governing Committee and of the Association. The Secretary, or in the Secretary's absence a person appointed by the presiding officer, shall act as Secretary at such meetings.

F. Quorum

Each member of the Governing Committee shall have one vote and any matter submitted shall be carried provided it receives an affirmative vote from a majority of the members of the entire Governing Committee. Five (5) members of the Governing Committee shall constitute a quorum. Members may be present either in person or by teleconference or electronic means.

**G. Mail Voting**

Any matter subject to vote by the Governing Committee may, with approval of the Chair or the Vice-Chair, be voted upon by mail, facsimile or other electronic communication and any proposal submitted to such a vote shall carry if it receives the affirmative votes of a majority of the members of the entire Governing Committee and receives two or less negative votes.

**H. Audits and Inspections**

The Governing Committee shall have the right, in person or through representatives, at all reasonable times, to audit and inspect the books and records of a Service Insurer as to matters coming within the purview of this Program.

**Article VI Meetings of Members**

**A. Annual Meetings**

There shall be an annual meeting of the members of the Association on a date fixed by the Governing Committee for the election of the Governing Committee and such other business as may be necessary.

**B. Special Meetings**

Special meetings of the members may be called by the Governing Committee on its own motion or upon the written request to the Governing Committee by any six (6) members, not more than one (1) of which number shall be in the same group of insurers as respects management or ownership.

**C. Notice of Meetings**

Written notice of any annual or special meeting, stating the time, place and principal purpose thereof, shall be given to all members at least twenty (20) days in advance of such meeting. Such notice, in the case of a special meeting, shall be accompanied by the agenda for such meeting and such supporting data and information as may conveniently be assembled by the Governing Committee. No matter may be considered at any special meeting which has not been included in the agenda thereof.

**D. Quorum**

At any annual or special meeting, members representing not less than fifty-one percent (51%) of the participation in the Association according to Premiums Written of those present or represented by proxy shall constitute a quorum.

**E. Voting**

Voting on matters requiring a vote by the members, including proposed amendments to this Program of Operation, shall be weighted in accordance with the then current participation of each member. A proposal other than for the election of members of the Governing Committee shall be considered adopted by the members when approved by at least a majority of the votes cast on such weighted basis. Voting by proxy shall be permitted at any meeting of the members.

**F. Voting By Mail and Other Means**

Any matter subject to vote by the members may be proposed and voted upon by mail, facsimile or other electronic communication, provided such procedure is authorized by a majority of the members of the Governing Committee present and voting at any meeting of the Governing Committee. Notice of any proposal so authorized shall be mailed or sent by

facsimile or other electronic communication to the members not less than twenty (20) days prior to the final date fixed by the Governing Committee for voting thereon.

### **Article VII Indemnification**

A. 1. The Association shall indemnify:

(a) each member of the Governing Committee (or other board empowered to act in the capacity of a board of directors) and the representatives of any insurer member of the Governing Committee, each member of any other committee or any subcommittee of the Association, and the estate, executor, administrator, personal representative, heirs, legatees and devisees of any such person; and

(b) every insurer member of the Association, both as a member and by reason of such insurer having one or more of its personal representatives or employees serving in any of the capacities or positions specified in clause (a) herein or as an officer or employee of the Association;

made a party to a proceeding by reason of service in that capacity unless it is proved that:

(aa) the act or omission of such member or person was material to the cause of action adjudicated in the proceeding; and (i) was committed in bad faith; or (ii) was the result of active and deliberate dishonesty; or

(bb) such member or person actually received an improper personal benefit in money, property, or services; or

(cc) in the case of any criminal proceeding, such member or person had reasonable cause to believe that the act or omission was unlawful.

2. Indemnification shall be against judgments, penalties, fines, settlements, and reasonable expenses actually incurred by the member or person in connection with the proceeding. However, if the proceeding was one by or in the right of the Association, indemnification shall not be made in respect of any proceeding in which the member or person shall have been adjudged to be liable to the Association.

3. The termination of any proceeding by judgment, order, or settlement does not create a presumption that the member or person did not meet the requisite standard of conduct set forth in this paragraph (A). The termination of any proceeding by conviction, or a plea of no lo contendere or its equivalent, or an entry of an order of probation prior to judgment, creates a rebuttable presumption that the member or person did not meet that standard of conduct.

B. 1. The Association may indemnify any officer or employee of the Association, any consultant to or independent contractor retained by the Association or the estate, executor, administrator, personal representative, heirs, legatees or devisees of such person made a party to a proceeding by reason of service in that capacity unless it is proved that:

(a) the act or omission of such person was material to the cause of action adjudicated in the proceeding; and (i) was committed in bad faith; or (ii) was the result of active and deliberate dishonesty; or

(b) such person actually received an improper personal benefit in money, property, or services; or

(c) in the case of any criminal proceeding, such person had reasonable cause to believe that the act or omission was unlawful.

2. Indemnification may be against judgments, penalties, fines, settlement, and reasonable expenses actually incurred by the person in connection with the proceeding. However, if the proceeding was one by or in the right of the Association, indemnification may not be made in respect of any proceeding in which the person shall have been adjudged to be liable to the Association.

3. The termination of any proceeding by judgment, order or settlement does not create a presumption that the person did not meet the requisite standard of conduct set forth in this paragraph (B). The termination of any proceeding by conviction, or a plea of no lo contendre or its equivalent, or an entry of an order of probation prior to judgment, creates a rebuttable presumption that the person did not meet that standard of conduct.

C. A member or person shall not be indemnified under paragraph (A) or (B) of this Article in respect of any proceeding charging improper personal benefit to the member or person, whether or not involving action in the member's or person's official capacity, in which the member or person was adjudged to be liable on the basis that personal benefit was improperly received. .

D. 1. A court of appropriate jurisdiction, upon application of a member or person and such notice as the court shall require, may order indemnification in the following circumstances:

(a) if it determines a member or person is entitled to reimbursement, under paragraph (A) of this Article, the court shall order indemnification, in which case the member or person shall be entitled to recover the expenses of securing such reimbursement or

(b) if it determines that the member or person is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the member or person met the standards of conduct set forth in paragraph (A) or (B) of this Article or has been adjudged liable under the circumstances described in paragraph (C) of this Article, the court may order such indemnification as the court shall deem proper. However, indemnification with respect to any proceeding by or in the right of the Association or in which liability shall have been adjudged in the circumstances described in paragraph (C) shall be limited to expenses.

2. A court of appropriate jurisdiction may be the same court in which the proceeding involving the member's or person's liability took place.

E. 1. Indemnification under paragraph (A) of this Article shall not be made by the Association unless authorized for a specific proceeding after a determination has been made that indemnification of the member or person is required in the circumstances because the member or person has met the standard of conduct set forth in paragraph (A) of this Article.

2. Such determination under subparagraph 1 above shall be made:

(a) by the Governing Committee by a majority vote of a quorum consisting of members of the Governing Committee not, at the time, parties to the proceeding, or, if such a quorum cannot be obtained, then by a majority vote of a subcommittee of the Governing Committee consisting solely of two or more Governing Committee members not, at the time, parties to such proceeding and who were duly designated to act in the matter by a majority vote of the full Governing Committee in which the designated Governing Committee members who are parties may participate;

(b) by special legal counsel selected by the Governing Committee or a subcommittee of the Governing Committee by vote as set forth in subparagraph (a) hereof, or, if the requisite quorum of the full Governing Committee cannot be obtained therefore and the subcommittee cannot be established, by a majority vote of the full Governing Committee in which Governing Committee members who are parties may participate; or

(c) by the insurer members of the Association.

3. Indemnification under paragraph (B) of this Article may not be made by the Association unless authorized for a specific proceeding after a determination has been made that indemnification of the person is permitted in the circumstances because the person has met the standard of conduct set forth in paragraph (B) of this Article and that in the circumstances indemnification is in the best interests of the Association.

4. Such determination under subparagraph 3 above shall be made:

(a) by the governing Committee by a majority vote of a quorum consisting of members of the Governing Committee not, at the time, parties to the proceeding, or, if such a quorum cannot be obtained, then by a majority vote of a subcommittee of the Governing Committee consisting solely of two or more Governing Committee members not, at the time, parties to such proceeding and who were duly designated to act in the matter by a majority vote of the full Governing Committee in which the designated Governing Committee members who are parties may participate; or

(b) by the insurer members of the Association.

5. Authorization of indemnification and determination as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is required or permitted. However, if a determination that indemnification is required is made by special legal counsel, authorization of indemnification and determination as to reasonableness of expenses shall be made in the manner specified in subparagraph (b) of the third preceding paragraph for selection of such counsel.

F. 1. Reasonable expenses incurred by a member or person (other than an officer or employee) who is a party to a proceeding shall be paid or reimbursed by the Association (and, in the case of an officer or employee, may be paid or reimbursed by the Association) in advance of the final disposition of the proceeding upon receipt by the Association of:

(a) a written affirmation by the member or person of the member's or person's good faith belief that the standard of conduct necessary for indemnification by the Association as authorized by this Article has been met; and

(b) a written undertaking by or on behalf of the member or person to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

2. The undertaking required by subparagraph (b) of the preceding paragraph shall be an unlimited general obligation of the member or person but, in the discretion of the Governing Committee, need not be secured and may be accepted without reference to financial ability to make the repayment.

3. Payments under this paragraph (F) shall be made as provided by contract or as specified in paragraph (D) or (E) of this Article, as the case may be.

G. The indemnification and advancement of expenses provided or authorized by this Article shall not be deemed exclusive of any other rights, by indemnification or otherwise, to which the member or person may be entitled under the Act, a resolution of the insurer members or the Governing Committee, an agreement or otherwise, both as to action in an official capacity and as to action in another capacity while holding such position.

H. This Article does not limit the Association's power to pay or reimburse expenses incurred by a member or person in connection with an appearance as a witness in a proceeding at a time

when the member or person has not been made a named defendant or respondent in the proceeding.

I. 1. The Association may purchase and maintain insurance on behalf of any entity or person who is or was an insurer member, a member of the Governing Committee, a representative of any insurer member of the Governing Committee, a member of any other committee or any subcommittee of the Association, and the estate, executor, administrator, personal representative, heirs, legatee and devisees of any such person, or an officer or employee of the Association and the estate, executor, administrator, personal representative, heirs, legatees or devisees of such officer or employee, or which (or who), while an insurer member, member of the Governing Committee, representative of an insurer member of the Governing Committee, member of any other committee or any subcommittee, officer or employee of the Association, is or was serving at the request of the Association as a director, officer, partner, trustee, employee, or agent of a foreign or domestic corporation, partnership, joint venture, trust, other enterprises, or employee benefit plan, against any liability asserted against and incurred by such entity or person in any such capacity or arising out of such entity's or person's position, whether or not the Association would have the power to indemnify against liability under the provisions of this Article.

2. The Association may provide similar protection, including a trust fund, letter of credit, or surety bond, not inconsistent with this Article.

3. Any insurance or similar protection provided by the Association may be procured through an insurer member or other affiliate of the Association.

4. The indemnification provided by this Article shall be secondary to any benefits which the member or person may be entitled to receive from any applicable insurance policy providing Directors and Officers, Errors and Omissions or other applicable insurance coverage which has been procured by the Association or for which the Association has paid the premium.

J. The indemnification provided by this Article shall be primary over any indemnification provided by insurer member or a member of the Governing Committee at his or its own expense. The indemnification provided for in this Article shall be deemed to be an expense of the Association to which all of the members of the Association shall contribute in the proportion that such member participates according to law in writings, expenses, and losses of the Association.

K. In this Article the following words have the meanings indicated.

(a) "Member" means any entity which is or was an insurer member or a member of the Governing Committee of the Association.

(b) "Expenses" includes attorney's fees.

(c) "Official capacity" means the following:

(i) When used with respect to an insurer member, the role of insurer member of the Association;

(ii) When used with respect to a member of the Governing Committee, the office of member of the Governing Committee of the Association; and

(iii) When used with respect to an entity or person other than, insurer member or a member of the Governing Committee, the elective or appointive office in the Association held by the officer, or the employment relationship undertaken by the employee on behalf of the Association.

(d) "Party" includes a person who was, is, or is threatened to be made a named defendant or respondent in a proceeding.

(e) "Proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative.

#### **Article VIII Insolvency**

- A. In the event any member fails, by reason of insolvency, to pay its proportion of any expense or any loss incurred by the Association, such unpaid loss or expense shall be paid by the remaining members, each contributing in the manner provided for in the distribution of expenses and losses under the Program, deleting there from the proportion of the defaulting member. The Association shall be subrogated to the rights of the remaining members in any liquidation proceeding and shall have full authority on their behalf to exercise such rights in any action or proceeding.
- B. In the event of insolvency of a member, any reinsurance assumed by the Association with respect to policies issued by such member pursuant to the Program shall be payable, on the basis of liability of the member without diminution because of the insolvency of the member, directly to the member, or to its liquidator, receiver or statutory successor, except where the Association with the consent of the insured under such reinsured policy, as evidenced by endorsement thereon, has assumed the policy obligations of the member as direct obligations of the Association to the payees under such policy and in substitution for the obligations of the member to such payees.
- C. The liquidator, receiver or statutory successor of the member shall give written notice to the Association of the pendency of a claim against the member on the policy reinsured within a reasonable time after such claim is filed in the insolvency proceeding. During the pendency of such claim, the Association may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated any defense or defenses that it may deem available to the member or its liquidator, receiver or statutory successor. The expense thus incurred by the Association shall be chargeable subject to court approval against the insolvent member as part of the expense of liquidation to the extent of a proportionate share of the benefit which may accrue to such member solely as a result of the defense undertaken by the Association.

#### **Article IX Dissolution**

The Association shall be dissolved when the Program terminates and all obligations under policies issued under the Program have been discharged.

Upon dissolution the Governing Committee shall have the power and authority to: collect all accounts, assets or funds belonging to the Association or to its members resulting from the operations of the Association; pay debts and obligations of the Association; sell, transfer and convey all good will which may have accrued to the Association or to its members resulting from the operations of the Association; adjust, as between members, all rights and interests in the Association or in the fruits or proceeds thereof, and in the relations of the members of the Association to each other resulting from the operations of the Association; and take all other steps and action as may be deemed by the Governing Committee to be necessary to carry into full effect the foregoing provisions and for liquidating and determining the affairs of the Association.

#### **Article X Producers**

- A. The Association shall have no producers. It shall do business directly with applicants or with licensed producers which represent applicants.



- B. Commissions shall be paid by the Association to the licensed producer, if any, designated by the applicant.
- C. Commissions payable on sales of Essential Property Insurance and on sales of Homeowners Insurance shall be at such levels as may be determined by the Governing Committee.
- D. The Association will not recognize or protect the ownership of policy expirations of any licensed producer placing risks with the Association.

#### **Article XI Assumption of Liability**

All liability assumed by the Association under this Program of Operation shall be through its own policies or through 100% reinsurance of Service Insurers which shall issue their own policies on behalf of the Association in accordance with this Program of Operation. Criteria for accounting, recording of statistics and claims handling shall be developed by the Governing Committee.

The Governing Committee may, in its discretion, determine to reinsure all or any portion of the liability assumed by the Association with such reinsurers as it may deem appropriate.

#### **Article XII Policy Issuance**

##### A. Policy Issuance

All policies issued by the Association shall be for such Essential Property Insurance or Homeowners Insurance as is desired by the applicant and for which the applicant may qualify. Policies shall be on only those policy forms designated by the Governing Committee and approved by the Commissioner for use by the Association and shall be written in accordance with the rates, rules and forms filed by a rating organization or by the Association on behalf of or for use by the Association. Such policies shall be issued for a term of one (1) year; provided, however, a policy may be issued on request by the applicant for a period of less than one (1) year so as to obtain a common expiration date with other policies.

##### B. Binding

Eligible risks shall be subject to tentative binding in accordance with procedures adopted by the Governing Committee in the Rules of the Program.

#### **Article XIII Homeowner's Insurance Program**

- A. A Program of Homeowner's Insurance shall be established by the Association to provide homeowners insurance coverage to eligible applicants as required by Section 25-402(6) and 25-405(g) of the Maryland Insurance Code.
- B. The Association will make Homeowner's Insurance available in accordance with procedures adopted by the Governing Committee in the Rules of the Program.

#### **Article XIV Inspections and Reports**

- A. The Association shall prescribe the manner and scope of inspections contemplated by Section 25-407 of the Maryland Insurance Code.
- B. The original inspection or attempt to inspect shall be at no cost to the applicant. If the inspector is unable to complete an inspection of the property due to the fault of the owner or applicant or their designated responsible representative, the Association shall require the applicant to pay, in advance, the reasonable cost of any subsequent inspection efforts.

- C. The fact that an owner is not present shall not be the basis for denying an inspection to a tenant. However, the applicant or owner or their designated responsible representative shall be present, and the inspector must be provided full access to the building. Inspections will be made according to the Association's Rules of the Program.

#### **Article XV Underwriting**

- A. In order to achieve maximum uniformity in the definition and application of reasonable underwriting standards, the Governing Committee shall specify criteria, which shall be used by the Association in determining insurability.
- B. Neighborhood or area location or any environmental hazard beyond the control of the property owner, or of a tenant if contents coverage is under consideration, shall not be deemed to be acceptable criteria for declining a risk, or for classifying it as substandard pursuant to Paragraph C, or for requesting the applicant to make an application under Section 11-210 or 11-311 of the Maryland Insurance Code.
- C. If the inspection of the property reveals that there are one or more substandard conditions, condition charges may be imposed in conformity with the substandard rating plan approved by the Commissioner. Whenever improvements are specified, they shall be set forth in such a way that the applicant will know what must be done to achieve insurability at standard rates (a) with an approved condition charge, or (b) without any condition charge. If an approved condition charge is applicable, coverage shall be provided immediately at the approved higher rate during the period in which any improvements are being made. If improvements are completed and are verified by the Association through inspection or other means, the premium shall be pro-rated and adjusted to the proper level. Coverage bound and cancelled prior to policy issuance, will result in tentative bound premium being returned on a pro-rated basis.
- D. The Association shall, after receipt of the inspection report, promptly advise the producer or applicant that:
  - a. the risk is acceptable; or
  - b. the risk is not acceptable for the reasons stated; or
  - c. the risk will be acceptable if the improvements noted are made and confirmed.
- E. If the risk is acceptable, the Association, upon receipt from the applicant of the full amount of the required premium by check, money order, approved electronic payment methods, the check of a licensed lending institution or the check of a licensed producer shall issue its own policy or instruct a Service Insurer to issue a policy. A single policy shall be issued for the entire amount of insurance accepted by the Association for such risk.
- F. In the event that a risk is not acceptable because it is ineligible or fails to meet reasonable underwriting standards, the Association shall promptly so notify the applicant. Such notification shall include a statement setting forth the features or conditions of the property which provide the basis for a determination that it is ineligible or not an acceptable risk. Pursuant to Article XXI, each such notification shall inform the applicant of his right to appeal such a determination and shall advise him of the means whereby such an appeal may be initiated.
- G. In the event the risk will become acceptable if the improvements noted are made, the Association shall promptly so notify the applicant and the designated producer, if any.

Such notification shall conform to Paragraph F above and shall, in addition, set forth the measures which, if taken, will render the property acceptable.

- H. Whenever the quoted premium includes a surcharge in accordance with the substandard rating plan, the Association shall show on each Approval Notice an explanation of the reason for the surcharge and reflect the amount of the surcharge.
- I. The premium to be charged shall be the greater of (a) the minimum premium applicable to such property, or (b) the premium developed by the application of the appropriate specific or class rate increased by any surcharges under the substandard rating plan where the standard rating procedure results in a premium greater than the minimum premium. However, if the standard rating procedure results in a premium that would be less than the minimum premium, then the final premium shall be developed by the application of the appropriate surcharges applied on top of the minimum premium. The substandard rating plan shall be applied in addition to any published rate.
- J. Subject to special sub-limits for construction, protection and class of occupancy, the maximum limit of liability which may be placed through this Program on any property at any one location is \$1,500,000. The term "at one location" as used herein refers to real and personal property comprised of or contained in a single building.
- K. The special sub-limits for construction, protection and class of occupancy (based on codes assigned and promulgated by the Insurance Services Office), as referred to above, are as follows:

1. Habitational Classes:

Dwellings (not more than four families)

Buildings	\$455,000
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Contents	\$228,000
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2. All other Classes, Buildings and Contents:

	Protected	Unprotected
Fire-resistive	\$1,500,000	\$1,500,000
Masonry	\$1,500,000	\$1,500,000
Frame	\$1,500,000	\$1,500,000

**Article XVI Installment Payment Program**

- A. The provisions of this Article are intended to provide a premium installment plan as authorized in Title 25-405.(d)(9) of the Act.
- B. The Association will make an Installment Payment Plan available in accordance with procedures adopted by the Governing Committee in the Rules of the Program and approved by the Insurance Administration.
- C. Commissions are not paid on the installment service charge. Commissions will not be paid on the unpaid installment balance until such balance is paid.

**Article XVII Cancellations**

- A. The Association shall cancel, or cause to have cancelled, a policy or tentative binder issued under this Program of Operation, with not less than 5 days prior written notice. if one of the following conditions exist:

- a. Owner or occupant incendiarism or vandalism or malicious mischief;
  - b. At least 65% of the rental units in a building consisting of 5 or more units are vacant or unoccupied, and the insured has not obtained prior approval from the Association of a rehabilitation plan which necessitates a high degree of vacancy or unoccupancy.
  - c. Extensive damage caused by a covered peril which exists at the time of the issuance of a policy or tentative binder under this Program of Operation;
  - d. Following a loss caused by a covered peril, permanent repairs following satisfactory adjustment of loss have not commenced within 60 days;
  - e. Real or personal property has been abandoned or there has been removal of salvageable items from the building;
  - f. Utilities such as electric, gas, or water services have been disconnected or real estate taxes have not been paid for a two year period after the taxes have become delinquent (real estate taxes shall not be deemed to be delinquent for this purpose even if they are due and constitute a lien, so long as grace period remains under local law during which such taxes may be paid without penalty);
  - g. Where reliable information that good cause exists to believe that the property will be damaged by a covered peril for the purpose of collecting insurance proceeds on the property;
  - h. Conviction or unresolved indictment of a named insured, loss payee, occupant or any person having a financial interest in the property of the crime of arson or any other crime involving an intent to defraud the Association or an insurance company;
  - i. Where the property has been subject to more than two (2) losses caused by covered perils, in any 12 month period; or more than three (3) losses caused by covered perils in any 24 month period, each such loss amounting to at least \$500 or one percent of the insurance in force, whichever is greater, provided that the causes of such losses are due to conditions which are the responsibility of the owner or named insured;
  - j. Material misrepresentation;
  - k. Nonpayment of premium;
  - l. After the second unsuccessful attempt to inspect the property. Failure of the insured, insured's producer, or representative to allow the inspection to be made according to the Association's Rules of the Program.
- B. Any cancellation upon less than forty-five (45) days notice, but not less than 5 days written notice, arising out of any of the above conditions shall follow the following procedure:
- a. The Association shall give notification of the cancellation to the insured, mortgagee, loss payee and producer as they appear on the application, giving the reasons for the action.
  - b. The notification shall set fourth the insured's prerogative to appeal to the Maryland Insurance Administration for review of the cancellation.
  - c. The cancellation shall stand unless the Insurance Administration rules otherwise.
- C. The provisions of this Article have been adopted pursuant to the authority of Section 25-405(d)(10) of the Maryland Insurance Code for the purpose of reducing certain statutorily imposed waiting periods for policy cancellation or non-renewal and shall not affect the Association right to terminate coverage or to avoid liability under a policy of insurance in accordance with any other applicable law.

### **Article XVIII Assessments and Distributions**

- A. The Governing Committee shall determine the expense and cash flow requirements of operating the Association and shall from time to time assess each member for its share of such expenses and requirements in accordance with its participation in the Association. The Governing Committee may set a minimum assessment to be paid by any member.
- B. Each member shall make payment of any assessment on or before the due date specified by the Governing Committee.
- C. The Governing Committee shall notify the Commissioner if any member shall fail to pay any assessment on or before the due date specified by the Governing Committee.
- D. The Governing Committee may distribute excess net liquid assets to the members, if the Governing Committee determines such a condition exists.

#### **Article XIX Depopulation and Participation Credit**

- A. It is the purpose of this Article to provide incentives for the placing of risks in the voluntary insurance market and to encourage the depopulation of insureds in the Association by producers and insurers wherever possible.
- B. The Association will make available at the office of the Association to any licensed producer or insurer, a reasonable time prior to expiration, a list of all expiring policies insured by the Association.
- C. Any licensed producer which places a risk with the Association shall be considered to have waived any interest in the expiration as part of the licensed producer's book of business.
- D. The Insurance Commissioner shall annually consult with the Governing Committee and, by notice to the Association, designate those areas of the State, which have a significant portion of Essential Property Insurance Policies issued by the Association. Members which write, on a voluntary basis, Essential Property Insurance or Homeowners Insurance coverage on a qualifying habitational dwelling located within the area designated by the Commissioner shall be eligible for a participation credit.
- E. A qualifying habitational dwelling must meet the following standards:
  - a. The subject building must be devoted to habitational uses and insurable on a dwelling coverage form.
  - b. The risk must be located in the geographic area currently designated by the Commissioner at the time it is written by the member.
  - c. The risk must have been insured by the Association, either through a current or an expiring policy, at the time it is written. Coverage through another intervening insurer or an intervening gap in coverage shall disqualify the risk for any participation credit.
- F. During the first year the risk is written by a member in the voluntary market, the participation credit shall be 100% of the annual premium paid by the risk to the member.
- G. The participation credits to which a member insurer shall be entitled shall be set off against the member's assessment obligations to the Association. The Governing Committee shall designate the term during which participation credits may be used.
- H. The Governing Committee shall set up audit procedures and documentary requirements for implementation of the participation credit program.

## **Article XX Recoupment**

- A. The provisions of this Article are intended to provide a method of recoupment as authorized by Title 25-405 of the Maryland Insurance Code.
- B. For the purposes of this Article, the following definitions will control:
  - a. Experience Period-The Experience Period shall be identical with the fiscal year of the Association.
  - b. Surcharge Period-The Surcharge Period shall be the twelve month period from the first day of the seventh month immediately following the close of the Experience Period.
  - c. Recoupment Factor-The Recoupment Factor shall be a fraction with the numerator being the sum of the assessments made by the Association on all member companies during the Experience Period and the denominator being the sum of the Premiums Written reported to the Association by all member companies for the purpose of participation in the Association during the subject Experience Period.
- C. The Association shall calculate and announce the Recoupment Factor to the members of the Association and to the Commissioner within 30 days following the close of the Experience Period.
- D. Each member of the Association shall have the option to recoup assessments made by the Association through the addition of the JIA Surcharge to premiums charged for all policies of essential property insurance, homeowners insurance and essential property insurance components of multi-peril policies. Each company shall notify the Commissioner within 60 days following the close of the Experience Period of its decision to recoup or not to recoup during the following Surcharge Period.
- E. The JIA Surcharge shall be calculated by applying the Recoupment Factor to premiums charged for all policies which include essential property insurance, homeowners insurance and essential property insurance components of multi-peril policies written during the Surcharge Period.
- F. If a member company exercises its option to recoup, it shall separately identify the JIA Surcharge on all billing documents, invoices, declaration pages or premium notices and shall do so using the label 'JIA Surcharge'.
- G. The amount of any JIA Surcharge shall not be included in premium reports to determine premium taxes, Association participation, reports to statistical agencies, nor any other expense based on premium writing.
- H. The Recoupment Factor may be adjusted by the Association to account for commissions to producers.
- I. The JIA Surcharge shall be applied to all policies issued by the Association or on its behalf.
- J. If a member company shall exercise its option to recoup and shall recoup an amount in any Surcharge Period which is greater than the assessment paid by the member to the Association during the preceding Experience Period, any excess recoupment shall be calculated and paid over to the Association within the six (6) months immediately following the close of the Surcharge Period. The Association shall use any such excess

recoupment funds received from members to reduce the assessment to members for the Experience Period during which the Association receives such funds.

- K. Under-recoupment during a Surcharge Period or exercise of the option not to recoup shall constitute waiver by a member of any unrecovered portion of its assessment paid during the Experience Period which is not recouped.

#### **Article XXI Right of Appeal**

Any applicant, member, or other affected person, may appeal to the Governing Committee within 30 days of any decision by the Association. Determinations of insurability and as to valuation are appealable, and the Governing Committee will hear and decide such appeals within 30 days of the written notice of appeal received by the Association. A decision of the Governing Committee may be appealed to the Commissioner within 30 days from the action or decision of the Governing Committee. Each denial of insurance shall be accompanied by a statement that the applicant has a right of appeal.

#### **Article XXII Marketing and Service**

- A. All members agree to undertake a continuing public education program, in cooperation with producers and others, to assure that elements of the Program receive adequate public attention.
- B. In order to facilitate communication with the public, the Association will maintain a toll-free telephone number which will enable applicants, producers and insureds to contact the Association without charge from any location within the State of Maryland.
- C. The Association will maintain an appropriate presence in media sources as deemed necessary by the Governing Committee.
- D. The Governing Committee may elect to enter into a Plan Service Agreement with another Fair Plan in an effort to offset expenses, as appropriate.

4841-5368-5655, v. 1

# **HB\_564\_INFO\_JIA\_UpdatedInspectionForm**

Uploaded by: Christopher Dooley

Position: INFO



## HABITATIONAL & COMMERCIAL PROPERTY INSPECTION REPORT FORM

Applicant (Full Name): \_\_\_\_\_ Application # \_\_\_\_\_  
 Location (of property): \_\_\_\_\_ Date Inspected: \_\_\_\_\_  
 County where located: \_\_\_\_\_

**FIRE PROTECTION:**

Yes                      No

Is the risk within 1000 feet of a public fire hydrant?                           

Is the risk within City Corporate Limits?                                           

If not within City Corp. limits, list responding Fire Dept. located within 5 road miles- \_\_\_\_\_

Was the entire building inspected? (if no, explain)                             \_\_\_\_\_

**OCCUPANCY:**

WHO OCCUPIES THE DWELLING?       OWNER                       TENANT                       BOTH OWNER & TENANTS                       VACANT

TOTAL NUMBER OF FAMILIES: \_\_\_\_\_ ARE THERE ANY BOARDERS IN THE HOME?       Yes       No      If yes, how many? \_\_\_\_\_

**OCCUPANCY TABLE:** (Only to be completed if more than one family or more than one type of occupancy)

Floor	Occupancy	# of Apts.	# of occupants	# of boarders
Bsmt.	<input type="checkbox"/> Yes - <input type="checkbox"/> No			
1 <sup>st</sup> FL.				
2 <sup>nd</sup> FL.				
3 <sup>rd</sup> FL.				
4 <sup>th</sup> FL.				

**BUILDING INFORMATION:**

Ground Floor Area: \_\_\_\_\_ ft. (wide) by \_\_\_\_\_ ft. (long) Equals \_\_\_\_\_ Sq. Ft.      Number of Floors: \_\_\_\_\_

Year of Construction: \_\_\_\_\_

Construction Type:      (If Mixed, list percentage) \_\_\_\_\_ Frame                      \_\_\_\_\_ Brick                      \_\_\_\_\_ Joisted Masonry  
    \_\_\_\_\_ Non-Combustible                      \_\_\_\_\_ Masonry-Non Combustible                      \_\_\_\_\_ Fire Resistive

*Special Instructions: If a "yes" answer box is checked, note if the condition is **Light (L)**, **Moderate (M)** or **Severe (S)**.*

**A. Physical Conditions-**

	Yes	No	L	M	S	Location
1. Building not in good repair (broken windows or plaster; sagging floors or roof; deteriorating walls; loose wallpaper, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
2. Roof or chimney deteriorating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
3. Exterior wood surfaces unpainted or decaying	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
4. Garages or porches not well maintained	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
5. Excessively combustible interior finish, decorations, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
6. Evidence of previous fire damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
7. Other substandard physical conditions (Specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

**B. Housekeeping-**

	Yes	No	L	M	S	Location
1. Rubbish, Litter or Debris in...						
a. Basement (or under open foundation)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
b. Floor (specify which)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
c. Hallways or stairways	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
d. Attic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
e. Yard (of property)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
2. Commercial Risk - Congested Interior Stock Arrangement, clear aisles not maintained, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
3. Other Substandard Housekeeping Conditions (combustibles stored near heating devices, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

**C. Wiring-**

	Yes	No	L	M	S	Location
1. Unsafe or Inadequate Wiring (loose, exposed or damaged wiring, not on proper supports; broken or missing switches or receptacles, plates missing; missing covers on junction boxes)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
2. Nonstandard Extensions (exposed; damaged; spliced; fastened to walls or ceilings; extensively used)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
3. Overloading or Over fusing (inadequate circuits; oversized or bridged fuses)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
4. Other Sub-standard Features (damaged lighting fixtures or lamps; damaged appliances - heaters, cooking equipment, fans, motors, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

**D. Heating & Appliances-**

- Are there any **Wood, Coal or Pellet** Stoves?  Yes  No (If yes, photograph the stove and complete Solid Fuel Supplement even if it is "not used")
- Type of System:  Central  Fixed (wall-mounted or stationary) Units  Portable Indiv. Units  Other \_\_\_\_\_
- Fuel:  Heating Oil  Kerosene  Gas  Wood  Coal  Electric
- Sub-standard Heating Device(s) (not in good working order; unsafely arranged on wood floor; cut off switch not marked & not safe distance; COMMERCIAL - hot air ducts in contact with combustible partitions, ceiling, stock, etc.)
- Sub-standard Fuel Supply (unsafe piping; subject to damage; leak in supply line, etc.)
- Unsafe arrangement of cooking devices, including (where applicable) grease hoods or ducts in contact with combustible partitions, ceiling, walls, roof or stock, inadequate program for cleaning same and lack of automatic fire extinguishing system in commercial cooking areas
- Sub-standard Venting (if required) (vent in contact with combustible partitions, ceiling, wall, roof, stock, etc.)

Yes	No	L	M	S	Location
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**E. Conversion-**

- Use of premises beyond designed occupancy limits
- Subdivision or conversion of original living or other occupancy spaces into multiple units with overcrowded occupancy
- Violation of Law or Public Policy
- Other substandard conversion features (Specify)

Yes	No	L	M	S	Location
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**F. Outside Fire Exposures-**

- Attached Row house(s) vacant or in deteriorated condition** (Explain below) **\*\*NEW ITEM\*\***
  - Is the vacant home open to trespass & not secured?
  - Are there multiple vacant properties contained within the row of houses?
- Brush Exposure
- Rubbish Accumulation in adjacent yards or buildings (Specify)
- Street or alley congestion creating potential impairment of fire-fighting equipment
- Other substandard outside fire exposures (Specify)

Yes	No	L	M	S	Location
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**G. Hazardous Conditions Not Otherwise Reported-**

- Vacancy or Un-occupancy - in whole or in part (give extent)
- Is the building open to trespass
- Size & type of construction adversely affecting fire-righting efficiency or fire extinguishment
- Large undivided areas or lack of proper fire cut-offs increasing loss probability & severity or probable maximum loss

Yes	No	L	M	S	Location
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**H. Fire Communication & Exposure-**

- Are the smoke detectors missing or inoperable?
- Does the Risk communicate with adjacent buildings via decks, porches or additions?
- What is the total number of Habitational units between fire divisions? (see below)**  
*You need to determine how many homes or apartments there are between the firewalls. The walls must extend to the bottom of the roof or above the roof to be considered a true fire wall. If the attic spaces are open between units, then there is communication between all of the units and you would count all of the homes in the row. If the exposure/risk has commercial occupancies, a standard firewall must extend 18 inches beyond the roof line to be considered one fire division for rating purposes.*

Yes	No	Explanation
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
		<b># units</b> _____

**I. Extended Coverage Features-**

- Is the property within 200' of a **River, Stream Ocean or Bay?** (Wind Exposure) (photograph)
- Inadequate security measures involving excessive exposure to pillage and looting or vandalism
- Unusual or extreme **exposure from aircraft or vehicles** (Alley traffic, lack of barriers)
- Are there any **trees or tree limbs** overhanging or contacting the **dwelling or any outbuilding?**
- Any other excessively hazardous physical conditions?

Yes	No	Explanation
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	

**Additional Comments / Explanations**

---



---



---

Name of Person Contacted:

Name of Inspector:

# HABITATIONAL & COMMERCIAL PROPERTY INSPECTION REPORT FORM

Application # \_\_\_\_\_

## LIABILITY FEATURES

**PART I** Are the following in GOOD & SAFE condition? If any item does not exist, list N/A. If NO for any item, amplify or explain.

	YES	NO	EXPLANATION
1. Steps & Stairways	<input type="checkbox"/>	<input type="checkbox"/>	_____
2. Handrails as needed ( <i>porches or steps ≥ 36"</i> )	<input type="checkbox"/>	<input type="checkbox"/>	_____
3. Two exits each apartment	<input type="checkbox"/>	<input type="checkbox"/>	_____
4. Sidewalks	<input type="checkbox"/>	<input type="checkbox"/>	_____
5. Gutters & Downspouts	<input type="checkbox"/>	<input type="checkbox"/>	_____
6. <b>Sump Pump Present?</b>	<input type="checkbox"/>	<input type="checkbox"/>	_____
7. Outbuildings, gazebos, etc... on same premises? ( <i>If yes, include photo of each</i> )	<input type="checkbox"/>	<input type="checkbox"/>	_____
(a) Are outbuildings locked & secured?	<input type="checkbox"/>	<input type="checkbox"/>	_____
(b) Are they anchored or tied down?	<input type="checkbox"/>	<input type="checkbox"/>	_____
8. Porches, decks or patios	<input type="checkbox"/>	<input type="checkbox"/>	_____

## UNUSUAL EXPOSURES

**PART II** Exposure items. If YES for any item, amplify or explain

	YES	NO	EXPLANATION
A. Is the property a seasonal/summer home?	<input type="checkbox"/>	<input type="checkbox"/>	_____
B. Are there any <b>pools, ponds</b> or <b>large fountains</b> ?	<input type="checkbox"/>	<input type="checkbox"/>	_____
i. Are they surrounded by a fence?	<input type="checkbox"/>	<input type="checkbox"/>	_____
ii. Is the fence's gate padlocked?	<input type="checkbox"/>	<input type="checkbox"/>	_____
C. Is there any business conducted on the premises?	<input type="checkbox"/>	<input type="checkbox"/>	_____
D. Is this a daycare center or personal care home? If so, how many clients do they have & how many are they licensed to care for?	<input type="checkbox"/>	<input type="checkbox"/>	Number of Clients-- _____ Number licensed for-- _____
E. Does the applicant own any dogs or large, dangerous animals? ( <b>Horses</b> , iguanas, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	List Species or Breed(s)— _____
i. Vicious or harmful?	<input type="checkbox"/>	<input type="checkbox"/>	_____
ii. Has it ever harmed anyone?	<input type="checkbox"/>	<input type="checkbox"/>	_____
F. Are there junked cars or appliances in the yard?	<input type="checkbox"/>	<input type="checkbox"/>	_____
i. Are they locked?	<input type="checkbox"/>	<input type="checkbox"/>	_____
G. Are there any full time residence employees?	<input type="checkbox"/>	<input type="checkbox"/>	_____
H. Is the property in litigation?	<input type="checkbox"/>	<input type="checkbox"/>	_____
I. Do downspouts discharge water onto walkways?	<input type="checkbox"/>	<input type="checkbox"/>	_____
J. Is there any property condition that is in violation of local safety & health standards	<input type="checkbox"/>	<input type="checkbox"/>	_____
K. Any illegal activity conducted on premises?	<input type="checkbox"/>	<input type="checkbox"/>	_____
L. Are there any <b>piers</b> or <b>boat docks</b> present?	<input type="checkbox"/>	<input type="checkbox"/>	_____
i. Are they secured with a locked fence or gate?	<input type="checkbox"/>	<input type="checkbox"/>	_____
M. Is there a <b>trampoline</b> , <b>tree-fort</b> or <b>swing set</b> on the property?	<input type="checkbox"/>	<input type="checkbox"/>	_____

# **HB564\_Dooley-JIA\_INFO**

Uploaded by: Christopher Dooley

Position: INFO

# Joint Insurance Association

3290 N. Ridge Road, Suite 210  
Ellicott City, Maryland 21043  
Telephone: 410-539-6808 or 800-492-5670  
Fax: 410-244-7268

February 14, 2024

**Via E-mail Only**

Delegate Deni Taveras  
MD State Delegate  
6 Bladen St, Rm. 206,  
Annapolis, MD 21401

**RE: House Bill 0564**

Dear Delegate Taveras:

I am Christopher Dooley, the General Manager of the Joint Insurance Association (“JIA”). Please allow this letter to offer the summary of the JIA you requested.

JIA, an unincorporated association, is the property insurance carrier of last resort in the State of Maryland. JIA’s purpose is to implement the provisions of the Maryland Property Insurance Availability Act and its program of operation. JIA provides essential property insurance for individuals and businesses that are unable to obtain insurance on property located within the State through the competitive marketplace. JIA strives to make sure basic property insurance is available for all qualified properties; assure stability in the property insurance market; and provide for the equitable distribution of risk to all licensed insurers.

The JIA’s mandate arose from the Community Reinvestment Act of 1968. We are not a state agency and do not receive any funding from the state. We are comprised of the private insurance companies that do business in Maryland. We are controlled by the Maryland Statute and our Program of Operation as approved by the Maryland Insurance Administration. We do want you to know that we are here and ready to insure the citizens of Maryland who are unable to obtain insurance in the standard market. We offer Rental HO-6 policies subject to the Rules of the Program.

As to your concern regarding the possibility that individuals may be uninsurable, please understand that we will insure anyone who qualifies under our Program of Operation. The most notable issue would involve a convicted arsonist, other issues may arise under the Program with respect to physical issues with the structure. For example, we may not insure a building that has unrepaired fire damage until that prior damage is fixed. I am attaching the Program of Operation and a sample inspection for your review.

Please do not hesitate to reach out to me with other questions or concerns.

Sincerely,



JIA General Manager  
cc: Jason Nunez, Chief of Staff

**Program of Operation of the  
Joint Insurance Association  
Under the  
Maryland Property Insurance Availability Act**

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**Program of Operation of the  
Joint Insurance Association  
Under the  
Maryland Property Insurance Availability Act**

**Article I Name**

This organization shall be an unincorporated association and shall be known as Joint Insurance Association (hereinafter referred to as "Association". Its headquarters shall be In Maryland.

**Article II Purpose**

It is the purpose of this Association to implement the provisions of the Maryland Property Insurance Availability Act (Sections 25-401 through 25-410 of the Insurance Article of the Maryland Code, hereinafter referred to as the "Act") and of this Program of Operation. All provisions of this program are to be construed so as to comply with the Maryland Insurance Code.

The Association may provide insurance coverage only on property located in the State of Maryland.

**Article III Definitions**

- A. All terms shall have the meanings assigned such terms by Section 25-401, of the Maryland Insurance Code.
- B. "Service Insurer" shall mean an insurer that enters into an agreement with the Association to issue or service policies or risks referred to it by the Association.
- C. Except as specifically noted, "Homeowners Insurance" shall mean insurance as defined and limited by Section 25-401(e) and Section 25-405(g) of the Act.
- D. The words "Essential Property Insurance components of multi-peril policies" in Title 25-401.(g)(1) of the Act shall mean one hundred percent (100%) of voluntary market homeowner's multiple peril policy premiums, ninety-five percent (95%) of farmowner's multiple peril policy premiums and one-hundred percent (100%) of commercial multiple peril policy premiums (non-liability portion).
- E. "Maryland Insurance Code" shall mean the Insurance Article of the Maryland Code.

**Article IV Membership**

**A. Members**

The Association's members shall comprise all insurers licensed to write in the State of Maryland, on a direct basis, Essential Property Insurance or any component thereof in multi-peril policies.

**B. Withdrawal of Membership**

A member which has withdrawn from the State or whose license has been suspended or revoked or against which delinquency proceedings have been instituted shall continue to be liable for its share of the obligations arising from its participation in the Association calculated

as of the end of the Association's fiscal year, regardless of the date of the withdrawal, license suspension or revocation, or institution of delinquency proceedings.

C. Merger or Consolidation

When a member has been merged or consolidated into another insurer, such member or its successor in interest shall remain liable for all obligations hereunder and shall continue to participate in the Association based upon the Premiums Written of the member and the other insurers with which it has been merged or consolidated.

**Article V Governing Committee**

A. Number

The Association shall be administered by a Governing Committee consisting of nine (9) members selected in accordance with the provisions of Section 25-403(e) of the Maryland Insurance Code.

B. Powers

1. The Governing Committee shall have responsibility for the administration of the Association and may adopt and promulgate such rules as may be necessary to carry out the purposes of the Association, subject to the approval of the Commissioner.
2. The Governing Committee is empowered to appoint a Manager, who shall serve at the pleasure of the Governing Committee, and to budget expenses, levy assessments, hire personnel, disburse funds, participate in and make contributions to arson reward funds and other similar funds, and perform all other duties provided herein or necessary or incidental to the proper administration of the Program. Further, the Governing Committee shall furnish to all members of the Association a report of operations, which shall include at least the following:
  - a. number of requests for inspection
  - b. number of inspections performed
  - c. Results of underwriting by the Association, broken down as to number of risks conditionally accepted, number of reinspections performed, number of risks declined, and such other information as the Committee may prescribe.

C. Officers

The Governing Committee shall elect from its number a Chair and a Vice-Chair and shall appoint a Secretary.

D. Place and Frequency of Meetings

Regular and special meetings of the Governing Committee shall be held in a place within or without the State of Maryland as designated by the Chair of the Governing Committee. The Governing Committee shall meet as often as may be required to perform the general duties of administration and shall meet at the call of the Chair or upon the request of any three members of the Governing Committee. Due notice of all meetings shall be furnished to all members of the Governing Committee by the Secretary.

E. Procedure

The Chair, or in the Chair's absence the Vice-Chair, shall preside at meetings of the Governing Committee and of the Association. The Secretary, or in the Secretary's absence a person appointed by the presiding officer, shall act as Secretary at such meetings.

F. Quorum



Each member of the Governing Committee shall have one vote and any matter submitted shall be carried provided it receives an affirmative vote from a majority of the members of the entire Governing Committee. Five (5) members of the Governing Committee shall constitute a quorum. Members may be present either in person or by teleconference or electronic means.

**G. Mail Voting**

Any matter subject to vote by the Governing Committee may, with approval of the Chair or the Vice-Chair, be voted upon by mail, facsimile or other electronic communication and any proposal submitted to such a vote shall carry if it receives the affirmative votes of a majority of the members of the entire Governing Committee and receives two or less negative votes.

**H. Audits and Inspections**

The Governing Committee shall have the right, in person or through representatives, at all reasonable times, to audit and inspect the books and records of a Service Insurer as to matters coming within the purview of this Program.

**Article VI Meetings of Members**

**A. Annual Meetings**

There shall be an annual meeting of the members of the Association on a date fixed by the Governing Committee for the election of the Governing Committee and such other business as may be necessary.

**B. Special Meetings**

Special meetings of the members may be called by the Governing Committee on its own motion or upon the written request to the Governing Committee by any six (6) members, not more than one (1) of which number shall be in the same group of insurers as respects management or ownership.

**C. Notice of Meetings**

Written notice of any annual or special meeting, stating the time, place and principal purpose thereof, shall be given to all members at least twenty (20) days in advance of such meeting. Such notice, in the case of a special meeting, shall be accompanied by the agenda for such meeting and such supporting data and information as may conveniently be assembled by the Governing Committee. No matter may be considered at any special meeting which has not been included in the agenda thereof.

**D. Quorum**

At any annual or special meeting, members representing not less than fifty-one percent (51%) of the participation in the Association according to Premiums Written of those present or represented by proxy shall constitute a quorum.

**E. Voting**

Voting on matters requiring a vote by the members, including proposed amendments to this Program of Operation, shall be weighted in accordance with the then current participation of each member. A proposal other than for the election of members of the Governing Committee shall be considered adopted by the members when approved by at least a majority of the votes cast on such weighted basis. Voting by proxy shall be permitted at any meeting of the members.

**F. Voting By Mail and Other Means**

Any matter subject to vote by the members may be proposed and voted upon by mail, facsimile or other electronic communication, provided such procedure is authorized by a majority of the members of the Governing Committee present and voting at any meeting of the Governing Committee. Notice of any proposal so authorized shall be mailed or sent by

facsimile or other electronic communication to the members not less than twenty (20) days prior to the final date fixed by the Governing Committee for voting thereon.

### **Article VII Indemnification**

A. 1. The Association shall indemnify:

(a) each member of the Governing Committee (or other board empowered to act in the capacity of a board of directors) and the representatives of any insurer member of the Governing Committee, each member of any other committee or any subcommittee of the Association, and the estate, executor, administrator, personal representative, heirs, legatees and devisees of any such person; and

(b) every insurer member of the Association, both as a member and by reason of such insurer having one or more of its personal representatives or employees serving in any of the capacities or positions specified in clause (a) herein or as an officer or employee of the Association;

made a party to a proceeding by reason of service in that capacity unless it is proved that:

(aa) the act or omission of such member or person was material to the cause of action adjudicated in the proceeding; and (i) was committed in bad faith; or (ii) was the result of active and deliberate dishonesty; or

(bb) such member or person actually received an improper personal benefit in money, property, or services; or

(cc) in the case of any criminal proceeding, such member or person had reasonable cause to believe that the act or omission was unlawful.

2. Indemnification shall be against judgments, penalties, fines, settlements, and reasonable expenses actually incurred by the member or person in connection with the proceeding. However, if the proceeding was one by or in the right of the Association, indemnification shall not be made in respect of any proceeding in which the member or person shall have been adjudged to be liable to the Association.

3. The termination of any proceeding by judgment, order, or settlement does not create a presumption that the member or person did not meet the requisite standard of conduct set forth in this paragraph (A). The termination of any proceeding by conviction, or a plea of no lo contendre or its equivalent, or an entry of an order of probation prior to judgment, creates a rebuttable presumption that the member or person did not meet that standard of conduct.

B. 1. The Association may indemnify any officer or employee of the Association, any consultant to or independent contractor retained by the Association or the estate, executor, administrator, personal representative, heirs, legatees or devisees of such person made a party to a proceeding by reason of service in that capacity unless it is proved that:

(a) the act or omission of such person was material to the cause of action adjudicated in the proceeding; and (i) was committed in bad faith; or (ii) was the result of active and deliberate dishonesty; or

(b) such person actually received an improper personal benefit in money, property, or services; or

(c) in the case of any criminal proceeding, such person had reasonable cause to believe that the act or omission was unlawful.

2. Indemnification may be against judgments, penalties, fines, settlement, and reasonable expenses actually incurred by the person in connection with the proceeding. However, if the proceeding was one by or in the right of the Association, indemnification may not be made in respect of any proceeding in which the person shall have been adjudged to be liable to the Association.

3. The termination of any proceeding by judgment, order or settlement does not create a presumption that the person did not meet the requisite standard of conduct set forth in this paragraph (B). The termination of any proceeding by conviction, or a plea of no lo contendre or its equivalent, or an entry of an order of probation prior to judgment, creates a rebuttable presumption that the person did not meet that standard of conduct.

C. A member or person shall not be indemnified under paragraph (A) or (B) of this Article in respect of any proceeding charging improper personal benefit to the member or person, whether or not involving action in the member's or person's official capacity, in which the member or person was adjudged to be liable on the basis that personal benefit was improperly received. .

D. 1. A court of appropriate jurisdiction, upon application of a member or person and such notice as the court shall require, may order indemnification in the following circumstances:

(a) if it determines a member or person is entitled to reimbursement, under paragraph (A) of this Article, the court shall order indemnification, in which case the member or person shall be entitled to recover the expenses of securing such reimbursement or

(b) if it determines that the member or person is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the member or person met the standards of conduct set forth in paragraph (A) or (B) of this Article or has been adjudged liable under the circumstances described in paragraph (C) of this Article, the court may order such indemnification as the court shall deem proper. However, indemnification with respect to any proceeding by or in the right of the Association or in which liability shall have been adjudged in the circumstances described in paragraph (C) shall be limited to expenses.

2. A court of appropriate jurisdiction may be the same court in which the proceeding involving the member's or person's liability took place.

E. 1. Indemnification under paragraph (A) of this Article shall not be made by the Association unless authorized for a specific proceeding after a determination has been made that indemnification of the member or person is required in the circumstances because the member or person has met the standard of conduct set forth in paragraph (A) of this Article.

2. Such determination under subparagraph 1 above shall be made:

(a) by the Governing Committee by a majority vote of a quorum consisting of members of the Governing Committee not, at the time, parties to the proceeding, or, if such a quorum cannot be obtained, then by a majority vote of a subcommittee of the Governing Committee consisting solely of two or more Governing Committee members not, at the time, parties to such proceeding and who were duly designated to act in the matter by a majority vote of the full Governing Committee in which the designated Governing Committee members who are parties may participate;

(b) by special legal counsel selected by the Governing Committee or a subcommittee of the Governing Committee by vote as set forth in subparagraph (a) hereof, or, if the requisite quorum of the full Governing Committee cannot be obtained therefore and the subcommittee cannot be established, by a majority vote of the full Governing Committee in which Governing Committee members who are parties may participate; or

(c) by the insurer members of the Association.

3. Indemnification under paragraph (B) of this Article may not be made by the Association unless authorized for a specific proceeding after a determination has been made that indemnification of the person is permitted in the circumstances because the person has met the standard of conduct set forth in paragraph (B) of this Article and that in the circumstances indemnification is in the best interests of the Association.

4. Such determination under subparagraph 3 above shall be made:

(a) by the governing Committee by a majority vote of a quorum consisting of members of the Governing Committee not, at the time, parties to the proceeding, or, if such a quorum cannot be obtained, then by a majority vote of a subcommittee of the Governing Committee consisting solely of two or more Governing Committee members not, at the time, parties to such proceeding and who were duly designated to act in the matter by a majority vote of the full Governing Committee in which the designated Governing Committee members who are parties may participate; or

(b) by the insurer members of the Association.

5. Authorization of indemnification and determination as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is required or permitted. However, if a determination that indemnification is required is made by special legal counsel, authorization of indemnification and determination as to reasonableness of expenses shall be made in the manner specified in subparagraph (b) of the third preceding paragraph for selection of such counsel.

F. 1. Reasonable expenses incurred by a member or person (other than an officer or employee) who is a party to a proceeding shall be paid or reimbursed by the Association (and, in the case of an officer or employee, may be paid or reimbursed by the Association) in advance of the final disposition of the proceeding upon receipt by the Association of:

(a) a written affirmation by the member or person of the member's or person's good faith belief that the standard of conduct necessary for indemnification by the Association as authorized by this Article has been met; and

(b) a written undertaking by or on behalf of the member or person to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

2. The undertaking required by subparagraph (b) of the preceding paragraph shall be an unlimited general obligation of the member or person but, in the discretion of the Governing Committee, need not be secured and may be accepted without reference to financial ability to make the repayment.

3. Payments under this paragraph (F) shall be made as provided by contract or as specified in paragraph (D) or (E) of this Article, as the case may be.

G. The indemnification and advancement of expenses provided or authorized by this Article shall not be deemed exclusive of any other rights, by indemnification or otherwise, to which the member or person may be entitled under the Act, a resolution of the insurer members or the Governing Committee, an agreement or otherwise, both as to action in an official capacity and as to action in another capacity while holding such position.

H. This Article does not limit the Association's power to pay or reimburse expenses incurred by a member or person in connection with an appearance as a witness in a proceeding at a time

when the member or person has not been made a named defendant or respondent in the proceeding.

I. 1. The Association may purchase and maintain insurance on behalf of any entity or person who is or was an insurer member, a member of the Governing Committee, a representative of any insurer member of the Governing Committee, a member of any other committee or any subcommittee of the Association, and the estate, executor, administrator, personal representative, heirs, legatee and devisees of any such person, or an officer or employee of the Association and the estate, executor, administrator, personal representative, heirs, legatees or devisees of such officer or employee, or which (or who), while an insurer member, member of the Governing Committee, representative of an insurer member of the Governing Committee, member of any other committee or any subcommittee, officer or employee of the Association, is or was serving at the request of the Association as a director, officer, partner, trustee, employee, or agent of a foreign or domestic corporation, partnership, joint venture, trust, other enterprises, or employee benefit plan, against any liability asserted against and incurred by such entity or person in any such capacity or arising out of such entity's or person's position, whether or not the Association would have the power to indemnify against liability under the provisions of this Article.

2. The Association may provide similar protection, including a trust fund, letter of credit, or surety bond, not inconsistent with this Article.

3. Any insurance or similar protection provided by the Association may be procured through an insurer member or other affiliate of the Association.

4. The indemnification provided by this Article shall be secondary to any benefits which the member or person may be entitled to receive from any applicable insurance policy providing Directors and Officers, Errors and Omissions or other applicable insurance coverage which has been procured by the Association or for which the Association has paid the premium.

J. The indemnification provided by this Article shall be primary over any indemnification provided by insurer member or a member of the Governing Committee at his or its own expense. The indemnification provided for in this Article shall be deemed to be an expense of the Association to which all of the members of the Association shall contribute in the proportion that such member participates according to law in writings, expenses, and losses of the Association.

K. In this Article the following words have the meanings indicated.

(a) "Member" means any entity which is or was an insurer member or a member of the Governing Committee of the Association.

(b) "Expenses" includes attorney's fees.

(c) "Official capacity" means the following:

(i) When used with respect to an insurer member, the role of insurer member of the Association;

(ii) When used with respect to a member of the Governing Committee, the office of member of the Governing Committee of the Association; and

(iii) When used with respect to an entity or person other than, insurer member or a member of the Governing Committee, the elective or appointive office in the Association held by the officer, or the employment relationship undertaken by the employee on behalf of the Association.

(d) "Party" includes a person who was, is, or is threatened to be made a named defendant or respondent in a proceeding.

(e) "Proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative.

#### **Article VIII Insolvency**

- A. In the event any member fails, by reason of insolvency, to pay its proportion of any expense or any loss incurred by the Association, such unpaid loss or expense shall be paid by the remaining members, each contributing in the manner provided for in the distribution of expenses and losses under the Program, deleting there from the proportion of the defaulting member. The Association shall be subrogated to the rights of the remaining members in any liquidation proceeding and shall have full authority on their behalf to exercise such rights in any action or proceeding.
- B. In the event of insolvency of a member, any reinsurance assumed by the Association with respect to policies issued by such member pursuant to the Program shall be payable, on the basis of liability of the member without diminution because of the insolvency of the member, directly to the member, or to its liquidator, receiver or statutory successor, except where the Association with the consent of the insured under such reinsured policy, as evidenced by endorsement thereon, has assumed the policy obligations of the member as direct obligations of the Association to the payees under such policy and in substitution for the obligations of the member to such payees.
- C. The liquidator, receiver or statutory successor of the member shall give written notice to the Association of the pendency of a claim against the member on the policy reinsured within a reasonable time after such claim is filed in the insolvency proceeding. During the pendency of such claim, the Association may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated any defense or defenses that it may deem available to the member or its liquidator, receiver or statutory successor. The expense thus incurred by the Association shall be chargeable subject to court approval against the insolvent member as part of the expense of liquidation to the extent of a proportionate share of the benefit which may accrue to such member solely as a result of the defense undertaken by the Association.

#### **Article IX Dissolution**

The Association shall be dissolved when the Program terminates and all obligations under policies issued under the Program have been discharged.

Upon dissolution the Governing Committee shall have the power and authority to: collect all accounts, assets or funds belonging to the Association or to its members resulting from the operations of the Association; pay debts and obligations of the Association; sell, transfer and convey all good will which may have accrued to the Association or to its members resulting from the operations of the Association; adjust, as between members, all rights and interests in the Association or in the fruits or proceeds thereof, and in the relations of the members of the Association to each other resulting from the operations of the Association; and take all other steps and action as may be deemed by the Governing Committee to be necessary to carry into full effect the foregoing provisions and for liquidating and determining the affairs of the Association.

#### **Article X Producers**

- A. The Association shall have no producers. It shall do business directly with applicants or with licensed producers which represent applicants.

- B. Commissions shall be paid by the Association to the licensed producer, if any, designated by the applicant.
- C. Commissions payable on sales of Essential Property Insurance and on sales of Homeowners Insurance shall be at such levels as may be determined by the Governing Committee.
- D. The Association will not recognize or protect the ownership of policy expirations of any licensed producer placing risks with the Association.

#### **Article XI Assumption of Liability**

All liability assumed by the Association under this Program of Operation shall be through its own policies or through 100% reinsurance of Service Insurers which shall issue their own policies on behalf of the Association in accordance with this Program of Operation. Criteria for accounting, recording of statistics and claims handling shall be developed by the Governing Committee.

The Governing Committee may, in its discretion, determine to reinsure all or any portion of the liability assumed by the Association with such reinsurers as it may deem appropriate.

#### **Article XII Policy Issuance**

##### **A. Policy Issuance**

All policies issued by the Association shall be for such Essential Property Insurance or Homeowners Insurance as is desired by the applicant and for which the applicant may qualify. Policies shall be on only those policy forms designated by the Governing Committee and approved by the Commissioner for use by the Association and shall be written in accordance with the rates, rules and forms filed by a rating organization or by the Association on behalf of or for use by the Association. Such policies shall be issued for a term of one (1) year; provided, however, a policy may be issued on request by the applicant for a period of less than one (1) year so as to obtain a common expiration date with other policies.

##### **B. Binding**

Eligible risks shall be subject to tentative binding in accordance with procedures adopted by the Governing Committee in the Rules of the Program.

#### **Article XIII Homeowner's Insurance Program**

- A. A Program of Homeowner's Insurance shall be established by the Association to provide homeowners insurance coverage to eligible applicants as required by Section 25-402(6) and 25-405(g) of the Maryland Insurance Code.
- B. The Association will make Homeowner's Insurance available in accordance with procedures adopted by the Governing Committee in the Rules of the Program.

#### **Article XIV Inspections and Reports**

- A. The Association shall prescribe the manner and scope of inspections contemplated by Section 25-407 of the Maryland Insurance Code.
- B. The original inspection or attempt to inspect shall be at no cost to the applicant. If the inspector is unable to complete an inspection of the property due to the fault of the owner or applicant or their designated responsible representative, the Association shall require the applicant to pay, in advance, the reasonable cost of any subsequent inspection efforts.

- C. The fact that an owner is not present shall not be the basis for denying an inspection to a tenant. However, the applicant or owner or their designated responsible representative shall be present, and the inspector must be provided full access to the building. Inspections will be made according to the Association's Rules of the Program.

#### **Article XV Underwriting**

- A. In order to achieve maximum uniformity in the definition and application of reasonable underwriting standards, the Governing Committee shall specify criteria, which shall be used by the Association in determining insurability.
- B. Neighborhood or area location or any environmental hazard beyond the control of the property owner, or of a tenant if contents coverage is under consideration, shall not be deemed to be acceptable criteria for declining a risk, or for classifying it as substandard pursuant to Paragraph C, or for requesting the applicant to make an application under Section 11-210 or 11-311 of the Maryland Insurance Code.
- C. If the inspection of the property reveals that there are one or more substandard conditions, condition charges may be imposed in conformity with the substandard rating plan approved by the Commissioner. Whenever improvements are specified, they shall be set forth in such a way that the applicant will know what must be done to achieve insurability at standard rates (a) with an approved condition charge, or (b) without any condition charge. If an approved condition charge is applicable, coverage shall be provided immediately at the approved higher rate during the period in which any improvements are being made. If improvements are completed and are verified by the Association through inspection or other means, the premium shall be pro-rated and adjusted to the proper level. Coverage bound and cancelled prior to policy issuance, will result in tentative bound premium being returned on a pro-rated basis.
- D. The Association shall, after receipt of the inspection report, promptly advise the producer or applicant that:
  - a. the risk is acceptable; or
  - b. the risk is not acceptable for the reasons stated; or
  - c. the risk will be acceptable if the improvements noted are made and confirmed.
- E. If the risk is acceptable, the Association, upon receipt from the applicant of the full amount of the required premium by check, money order, approved electronic payment methods, the check of a licensed lending institution or the check of a licensed producer shall issue its own policy or instruct a Service Insurer to issue a policy. A single policy shall be issued for the entire amount of insurance accepted by the Association for such risk.
- F. In the event that a risk is not acceptable because it is ineligible or fails to meet reasonable underwriting standards, the Association shall promptly so notify the applicant. Such notification shall include a statement setting forth the features or conditions of the property which provide the basis for a determination that it is ineligible or not an acceptable risk. Pursuant to Article XXI, each such notification shall inform the applicant of his right to appeal such a determination and shall advise him of the means whereby such an appeal may be initiated.
- G. In the event the risk will become acceptable if the improvements noted are made, the Association shall promptly so notify the applicant and the designated producer, if any.





- a. Owner or occupant incendiarism or vandalism or malicious mischief;
  - b. At least 65% of the rental units in a building consisting of 5 or more units are vacant or unoccupied, and the insured has not obtained prior approval from the Association of a rehabilitation plan which necessitates a high degree of vacancy or unoccupancy.
  - c. Extensive damage caused by a covered peril which exists at the time of the issuance of a policy or tentative binder under this Program of Operation;
  - d. Following a loss caused by a covered peril, permanent repairs following satisfactory adjustment of loss have not commenced within 60 days;
  - e. Real or personal property has been abandoned or there has been removal of salvageable items from the building;
  - f. Utilities such as electric, gas, or water services have been disconnected or real estate taxes have not been paid for a two year period after the taxes have become delinquent (real estate taxes shall not be deemed to be delinquent for this purpose even if they are due and constitute a lien, so long as grace period remains under local law during which such taxes may be paid without penalty);
  - g. Where reliable information that good cause exists to believe that the property will be damaged by a covered peril for the purpose of collecting insurance proceeds on the property;
  - h. Conviction or unresolved indictment of a named insured, loss payee, occupant or any person having a financial interest in the property of the crime of arson or any other crime involving an intent to defraud the Association or an insurance company;
  - i. Where the property has been subject to more than two (2) losses caused by covered perils, in any 12 month period; or more than three (3) losses caused by covered perils in any 24 month period, each such loss amounting to at least \$500 or one percent of the insurance in force, whichever is greater, provided that the causes of such losses are due to conditions which are the responsibility of the owner or named insured;
  - j. Material misrepresentation;
  - k. Nonpayment of premium;
  - l. After the second unsuccessful attempt to inspect the property. Failure of the insured, insured's producer, or representative to allow the inspection to be made according to the Association's Rules of the Program.
- B. Any cancellation upon less than forty-five (45) days notice, but not less than 5 days written notice, arising out of any of the above conditions shall follow the following procedure:
- a. The Association shall give notification of the cancellation to the insured, mortgagee, loss payee and producer as they appear on the application, giving the reasons for the action.
  - b. The notification shall set fourth the insured's prerogative to appeal to the Maryland Insurance Administration for review of the cancellation.
  - c. The cancellation shall stand unless the Insurance Administration rules otherwise.
- C. The provisions of this Article have been adopted pursuant to the authority of Section 25-405(d)(10) of the Maryland Insurance Code for the purpose of reducing certain statutorily imposed waiting periods for policy cancellation or non-renewal and shall not affect the Association right to terminate coverage or to avoid liability under a policy of insurance in accordance with any other applicable law.

### **Article XVIII Assessments and Distributions**

- A. The Governing Committee shall determine the expense and cash flow requirements of operating the Association and shall from time to time assess each member for its share of such expenses and requirements in accordance with its participation in the Association. The Governing Committee may set a minimum assessment to be paid by any member.
- B. Each member shall make payment of any assessment on or before the due date specified by the Governing Committee.
- C. The Governing Committee shall notify the Commissioner if any member shall fail to pay any assessment on or before the due date specified by the Governing Committee.
- D. The Governing Committee may distribute excess net liquid assets to the members, if the Governing Committee determines such a condition exists.

#### **Article XIX Depopulation and Participation Credit**

- A. It is the purpose of this Article to provide incentives for the placing of risks in the voluntary insurance market and to encourage the depopulation of insureds in the Association by producers and insurers wherever possible.
- B. The Association will make available at the office of the Association to any licensed producer or insurer, a reasonable time prior to expiration, a list of all expiring policies insured by the Association.
- C. Any licensed producer which places a risk with the Association shall be considered to have waived any interest in the expiration as part of the licensed producer's book of business.
- D. The Insurance Commissioner shall annually consult with the Governing Committee and, by notice to the Association, designate those areas of the State, which have a significant portion of Essential Property Insurance Policies issued by the Association. Members which write, on a voluntary basis, Essential Property Insurance or Homeowners Insurance coverage on a qualifying habitational dwelling located within the area designated by the Commissioner shall be eligible for a participation credit.
- E. A qualifying habitational dwelling must meet the following standards:
  - a. The subject building must be devoted to habitational uses and insurable on a dwelling coverage form.
  - b. The risk must be located in the geographic area currently designated by the Commissioner at the time it is written by the member.
  - c. The risk must have been insured by the Association, either through a current or an expiring policy, at the time it is written. Coverage through another intervening insurer or an intervening gap in coverage shall disqualify the risk for any participation credit.
- F. During the first year the risk is written by a member in the voluntary market, the participation credit shall be 100% of the annual premium paid by the risk to the member.
- G. The participation credits to which a member insurer shall be entitled shall be set off against the member's assessment obligations to the Association. The Governing Committee shall designate the term during which participation credits may be used.
- H. The Governing Committee shall set up audit procedures and documentary requirements for implementation of the participation credit program.

## **Article XX Recoupment**

- A. The provisions of this Article are intended to provide a method of recoupment as authorized by Title 25-405 of the Maryland Insurance Code.
- B. For the purposes of this Article, the following definitions will control:
  - a. Experience Period-The Experience Period shall be identical with the fiscal year of the Association.
  - b. Surcharge Period-The Surcharge Period shall be the twelve month period from the first day of the seventh month immediately following the close of the Experience Period.
  - c. Recoupment Factor-The Recoupment Factor shall be a fraction with the numerator being the sum of the assessments made by the Association on all member companies during the Experience Period and the denominator being the sum of the Premiums Written reported to the Association by all member companies for the purpose of participation in the Association during the subject Experience Period.
- C. The Association shall calculate and announce the Recoupment Factor to the members of the Association and to the Commissioner within 30 days following the close of the Experience Period.
- D. Each member of the Association shall have the option to recoup assessments made by the Association through the addition of the JIA Surcharge to premiums charged for all policies of essential property insurance, homeowners insurance and essential property insurance components of multi-peril policies. Each company shall notify the Commissioner within 60 days following the close of the Experience Period of its decision to recoup or not to recoup during the following Surcharge Period.
- E. The JIA Surcharge shall be calculated by applying the Recoupment Factor to premiums charged for all policies which include essential property insurance, homeowners insurance and essential property insurance components of multi-peril policies written during the Surcharge Period.
- F. If a member company exercises its option to recoup, it shall separately identify the JIA Surcharge on all billing documents, invoices, declaration pages or premium notices and shall do so using the label 'JIA Surcharge'.
- G. The amount of any JIA Surcharge shall not be included in premium reports to determine premium taxes, Association participation, reports to statistical agencies, nor any other expense based on premium writing.
- H. The Recoupment Factor may be adjusted by the Association to account for commissions to producers.
- I. The JIA Surcharge shall be applied to all policies issued by the Association or on its behalf.
- J. If a member company shall exercise its option to recoup and shall recoup an amount in any Surcharge Period which is greater than the assessment paid by the member to the Association during the preceding Experience Period, any excess recoupment shall be calculated and paid over to the Association within the six (6) months immediately following the close of the Surcharge Period. The Association shall use any such excess

recoupment funds received from members to reduce the assessment to members for the Experience Period during which the Association receives such funds.

- K. Under-recoupment during a Surcharge Period or exercise of the option not to recoup shall constitute waiver by a member of any unrecovered portion of its assessment paid during the Experience Period which is not recouped.

#### **Article XXI Right of Appeal**

Any applicant, member, or other affected person, may appeal to the Governing Committee within 30 days of any decision by the Association. Determinations of insurability and as to valuation are appealable, and the Governing Committee will hear and decide such appeals within 30 days of the written notice of appeal received by the Association. A decision of the Governing Committee may be appealed to the Commissioner within 30 days from the action or decision of the Governing Committee. Each denial of insurance shall be accompanied by a statement that the applicant has a right of appeal.

#### **Article XXII Marketing and Service**

- A. All members agree to undertake a continuing public education program, in cooperation with producers and others, to assure that elements of the Program receive adequate public attention.
- B. In order to facilitate communication with the public, the Association will maintain a toll-free telephone number which will enable applicants, producers and insureds to contact the Association without charge from any location within the State of Maryland.
- C. The Association will maintain an appropriate presence in media sources as deemed necessary by the Governing Committee.
- D. The Governing Committee may elect to enter into a Plan Service Agreement with another Fair Plan in an effort to offset expenses, as appropriate.

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## HABITATIONAL & COMMERCIAL PROPERTY INSPECTION REPORT FORM

Applicant (Full Name): \_\_\_\_\_ Application # \_\_\_\_\_  
 Location (of property): \_\_\_\_\_ Date Inspected: \_\_\_\_\_  
 County where located: \_\_\_\_\_

**FIRE PROTECTION:**

Yes                      No

Is the risk within 1000 feet of a public fire hydrant?                           

Is the risk within City Corporate Limits?                                           

If not within City Corp. limits, list responding Fire Dept. located within 5 road miles- \_\_\_\_\_

Was the entire building inspected? (if no, explain)                             \_\_\_\_\_

**OCCUPANCY:**

WHO OCCUPIES THE DWELLING?       OWNER                       TENANT                       BOTH OWNER & TENANTS                       VACANT

TOTAL NUMBER OF FAMILIES: \_\_\_\_\_ ARE THERE ANY BOARDERS IN THE HOME?       Yes       No      If yes, how many? \_\_\_\_\_

**OCCUPANCY TABLE:** (Only to be completed if more than one family or more than one type of occupancy)

Floor	Occupancy	# of Apts.	# of occupants	# of boarders
Bsmt.	<input type="checkbox"/> Yes - <input type="checkbox"/> No			
1 <sup>st</sup> FL.				
2 <sup>nd</sup> FL.				
3 <sup>rd</sup> FL.				
4 <sup>th</sup> FL.				

**BUILDING INFORMATION:**

Ground Floor Area: \_\_\_\_\_ ft. (wide) by \_\_\_\_\_ ft. (long) Equals \_\_\_\_\_ Sq. Ft.      Number of Floors: \_\_\_\_\_

Year of Construction: \_\_\_\_\_

Construction Type:      (If Mixed, list percentage) \_\_\_\_\_ Frame                      \_\_\_\_\_ Brick                      \_\_\_\_\_ Joisted Masonry  
    \_\_\_\_\_ Non-Combustible                      \_\_\_\_\_ Masonry-Non Combustible                      \_\_\_\_\_ Fire Resistive

*Special Instructions: If a "yes" answer box is checked, note if the condition is **Light (L)**, **Moderate (M)** or **Severe (S)**.*

**A. Physical Conditions-**

	Yes	No	L	M	S	Location
1. Building not in good repair (broken windows or plaster; sagging floors or roof; deteriorating walls; loose wallpaper, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
2. Roof or chimney deteriorating	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
3. Exterior wood surfaces unpainted or decaying	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
4. Garages or porches not well maintained	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
5. Excessively combustible interior finish, decorations, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
6. Evidence of previous fire damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
7. Other substandard physical conditions (Specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

**B. Housekeeping-**

	Yes	No	L	M	S	Location
1. Rubbish, Litter or Debris in...						
a. Basement (or under open foundation)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
b. Floor (specify which)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
c. Hallways or stairways	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
d. Attic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
e. Yard (of property)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
2. Commercial Risk - Congested Interior Stock Arrangement, clear aisles not maintained, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
3. Other Substandard Housekeeping Conditions (combustibles stored near heating devices, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

**C. Wiring-**

	Yes	No	L	M	S	Location
1. Unsafe or Inadequate Wiring (loose, exposed or damaged wiring, not on proper supports; broken or missing switches or receptacles, plates missing; missing covers on junction boxes)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
2. Nonstandard Extensions (exposed; damaged; spliced; fastened to walls or ceilings; extensively used)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
3. Overloading or Over fusing (inadequate circuits; oversized or bridged fuses)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____
4. Other Sub-standard Features (damaged lighting fixtures or lamps; damaged appliances - heaters, cooking equipment, fans, motors, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	_____

**D. Heating & Appliances-**

- Are there any **Wood, Coal or Pellet** Stoves?  Yes  No (If yes, photograph the stove and complete Solid Fuel Supplement even if it is "not used")
- Type of System:  Central  Fixed (wall-mounted or stationary) Units  Portable Indiv. Units  Other \_\_\_\_\_
- Fuel:  Heating Oil  Kerosene  Gas  Wood  Coal  Electric
- Sub-standard Heating Device(s) (not in good working order; unsafely arranged on wood floor; cut off switch not marked & not safe distance; COMMERCIAL - hot air ducts in contact with combustible partitions, ceiling, stock, etc.)
- Sub-standard Fuel Supply (unsafe piping; subject to damage; leak in supply line, etc.)
- Unsafe arrangement of cooking devices, including (where applicable) grease hoods or ducts in contact with combustible partitions, ceiling, walls, roof or stock, inadequate program for cleaning same and lack of automatic fire extinguishing system in commercial cooking areas
- Sub-standard Venting (if required) (vent in contact with combustible partitions, ceiling, wall, roof, stock, etc.)

Yes	No	L	M	S	Location
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**E. Conversion-**

- Use of premises beyond designed occupancy limits
- Subdivision or conversion of original living or other occupancy spaces into multiple units with overcrowded occupancy
- Violation of Law or Public Policy
- Other substandard conversion features (Specify)

Yes	No	L	M	S	Location
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**F. Outside Fire Exposures-**

- Attached Row house(s) vacant or in deteriorated condition** (Explain below) **\*\*NEW ITEM\*\***
  - Is the vacant home open to trespass & not secured?
  - Are there multiple vacant properties contained within the row of houses?
- Brush Exposure
- Rubbish Accumulation in adjacent yards or buildings (Specify)
- Street or alley congestion creating potential impairment of fire-fighting equipment
- Other substandard outside fire exposures (Specify)

Yes	No	L	M	S	Location
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**G. Hazardous Conditions Not Otherwise Reported-**

- Vacancy or Un-occupancy - in whole or in part (give extent)
- Is the building open to trespass
- Size & type of construction adversely affecting fire-righting efficiency or fire extinguishment
- Large undivided areas or lack of proper fire cut-offs increasing loss probability & severity or probable maximum loss

Yes	No	L	M	S	Location
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**H. Fire Communication & Exposure-**

- Are the smoke detectors missing or inoperable?
- Does the Risk communicate with adjacent buildings via decks, porches or additions?
- What is the total number of Habitational units between fire divisions? (see below)**  
*You need to determine how many homes or apartments there are between the firewalls. The walls must extend to the bottom of the roof or above the roof to be considered a true fire wall. If the attic spaces are open between units, then there is communication between all of the units and you would count all of the homes in the row. If the exposure/risk has commercial occupancies, a standard firewall must extend 18 inches beyond the roof line to be considered one fire division for rating purposes.*

Yes	No	Explanation
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<b># units</b>		_____

**I. Extended Coverage Features-**

- Is the property within 200' of a **River, Stream Ocean or Bay?** (Wind Exposure) (photograph)
- Inadequate security measures involving excessive exposure to pillage and looting or vandalism
- Unusual or extreme **exposure from aircraft or vehicles** (Alley traffic, lack of barriers)
- Are there any **trees or tree limbs** overhanging or contacting the **dwelling or any outbuilding?**
- Any other excessively hazardous physical conditions?

Yes	No	Explanation
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	

**Additional Comments / Explanations**

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Name of Person Contacted:

Name of Inspector:

# HABITATIONAL & COMMERCIAL PROPERTY INSPECTION REPORT FORM

Application # \_\_\_\_\_

## LIABILITY FEATURES

**PART I** Are the following in GOOD & SAFE condition? If any item does not exist, list N/A. If NO for any item, amplify or explain.

	YES	NO	EXPLANATION
1. Steps & Stairways	<input type="checkbox"/>	<input type="checkbox"/>	_____
2. Handrails as needed ( <i>porches or steps ≥ 36"</i> )	<input type="checkbox"/>	<input type="checkbox"/>	_____
3. Two exits each apartment	<input type="checkbox"/>	<input type="checkbox"/>	_____
4. Sidewalks	<input type="checkbox"/>	<input type="checkbox"/>	_____
5. Gutters & Downspouts	<input type="checkbox"/>	<input type="checkbox"/>	_____
6. <b>Sump Pump Present?</b>	<input type="checkbox"/>	<input type="checkbox"/>	_____
7. Outbuildings, gazebos, etc... on same premises? ( <i>If yes, include photo of each</i> )	<input type="checkbox"/>	<input type="checkbox"/>	_____
(a) Are outbuildings locked & secured?	<input type="checkbox"/>	<input type="checkbox"/>	_____
(b) Are they anchored or tied down?	<input type="checkbox"/>	<input type="checkbox"/>	_____
8. Porches, decks or patios	<input type="checkbox"/>	<input type="checkbox"/>	_____

## UNUSUAL EXPOSURES

**PART II** Exposure items. If YES for any item, amplify or explain

	YES	NO	EXPLANATION
A. Is the property a seasonal/summer home?	<input type="checkbox"/>	<input type="checkbox"/>	_____
B. Are there any <b>pools, ponds</b> or <b>large fountains</b> ?	<input type="checkbox"/>	<input type="checkbox"/>	_____
i. Are they surrounded by a fence?	<input type="checkbox"/>	<input type="checkbox"/>	_____
ii. Is the fence's gate padlocked?	<input type="checkbox"/>	<input type="checkbox"/>	_____
C. Is there any business conducted on the premises?	<input type="checkbox"/>	<input type="checkbox"/>	_____
D. Is this a daycare center or personal care home? If so, how many clients do they have & how many are they licensed to care for?	<input type="checkbox"/>	<input type="checkbox"/>	<i>Number of Clients--</i> _____ <i>Number licensed for--</i> _____
E. Does the applicant own any dogs or large, dangerous animals? ( <b>Horses</b> , iguanas, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<i>List Species or Breed(s)—</i>
i. Vicious or harmful?	<input type="checkbox"/>	<input type="checkbox"/>	_____
ii. Has it ever harmed anyone?	<input type="checkbox"/>	<input type="checkbox"/>	_____
F. Are there junked cars or appliances in the yard?	<input type="checkbox"/>	<input type="checkbox"/>	_____
i. Are they locked?	<input type="checkbox"/>	<input type="checkbox"/>	_____
G. Are there any full time residence employees?	<input type="checkbox"/>	<input type="checkbox"/>	_____
H. Is the property in litigation?	<input type="checkbox"/>	<input type="checkbox"/>	_____
I. Do downspouts discharge water onto walkways?	<input type="checkbox"/>	<input type="checkbox"/>	_____
J. Is there any property condition that is in violation of local safety & health standards	<input type="checkbox"/>	<input type="checkbox"/>	_____
K. Any illegal activity conducted on premises?	<input type="checkbox"/>	<input type="checkbox"/>	_____
L. Are there any <b>piers</b> or <b>boat docks</b> present?	<input type="checkbox"/>	<input type="checkbox"/>	_____
i. Are they secured with a locked fence or gate?	<input type="checkbox"/>	<input type="checkbox"/>	_____
M. Is there a <b>trampoline</b> , <b>tree-fort</b> or <b>swing set</b> on the property?	<input type="checkbox"/>	<input type="checkbox"/>	_____



# **HB 564 - Real Property - Residential Leases - Rent**

Uploaded by: Crystal Hypolite

Position: INFO

Robin Carter  
Chairperson, Board of Commissioners

Janet Abrahams  
President | Chief Executive Officer



February 16, 2024

TO: Members of the Environment and Transportation

FROM: Janet Abrahams, HABC President & CEO

A handwritten signature in black ink, appearing to read "J. Abrahams", is placed to the right of the "FROM:" line.

RE: House Bill 564 - Real Property - Residential Leases - Renter's Insurance Requirement

POSITION: **Letter of Information**

Members of the Environment and Transportation Committee, please be advised that the Housing Authority of Baltimore City (HABC) wishes to submit a Letter of Information on and request to exempt units leased through public housing authority programs from HB 564 - Real Property - Residential Leases - Renter's Insurance Requirement.

HB 564 establishes that every residential landlord in Baltimore City require a residential lease to include a requirement that a tenant hold a renter's insurance policy effective October 2024. This policy must cover the tenant's personal property kept at the unit, and the landlord must be listed as the beneficiary. If the tenant fails to comply, the landlord can acquire rental insurance on behalf of the tenant and may charge that tenant the premium amount until they get insurance.

HABC respectfully requests that residential leases for housing units owned and operated by public housing authorities be exempt from this legislation. HABC further requests that residential leases for units that are leased to Housing Choice Voucher Program (HCVP) participants also be exempt from this legislation.

HABC is the country's 5th largest public housing authority and Baltimore City's largest provider of affordable housing opportunities. HABC is federally funded and regulated by the U.S. Department of Housing and Urban Development (HUD). HABC serves over 42,000 of Baltimore City's low to extremely low-income individuals, consisting of some of the city's most vulnerable populations, including those at risk of homelessness, the elderly, persons with disabilities, veterans, and children through its Public Housing and Housing Choice Voucher programs. The public housing inventory currently consists of just under 7,000 units located at various developments and scattered sites throughout the city. Our Housing Choice Voucher Program currently serves 14,352 residences. The agency also provides affordable housing through its Rental Assistance Program (RAD), which includes nearly 4,000 additional units. Tenants of RAD buildings are selected from HABC's public housing waiting list.

Residents of HABC public housing pay rent based on their monthly income and certain expenses, like childcare. Generally, rent is about 30% of a resident's monthly adjusted income. The Housing Choice Voucher Program (HCVP) helps low-income families find housing in Baltimore City's private market. HUD requires that 75% of HCVP participants fall within the extremely low-income category, which is 30% or less of AMI. Over 95% of applicants on our current waiting list fall between 30% and 50% AMI.

HABC finds that this law needs to be revised to consider the very low-income residents we serve. As written,

Housing Authority of Baltimore City | 417 East Fayette Street, Baltimore, MD 21202

410.396.3232 www.HABC.org @BmoreHabc

this bill would affect the calculations of utility allowances (UAs) provided to residents, as HUD does not consider renters insurance a covered utility cost. This means that residents struggling to afford rent would be responsible for an additional expense. Residents already in a lease with our voucher program must agree to the any changes in the amount of the rent to the owner at least sixty days before any such changes go into effect, and any such changes shall be subject to rent reasonableness requirements. The Maryland Insurance Administration estimates that the average renters' insurance policy costs between \$15-\$30 per month. This could create a financial hardship, particularly for tenants whose portion of rent is at zero dollars due to lack of income. Further, if HABC is required to obtain renter's insurance on behalf of a tenant, that insurance will be considered rent, for which a tenant's non-payment of the premium becomes an issue of breach of lease and grounds for eviction. In addition, HABC needs further clarification on if passed, will this require an addendum on all current leases, or if it will apply only to new leases or lease renewals.

Therefore, as stated above, HABC respectfully requests that residential leases for housing units owned and operated by public housing authorities be exempt from this legislation. HABC further requests that residential leases for units that are leased to Housing Choice Voucher Program (HCVP) participants also be exempt from this legislation.

Respectfully submitted:

Janet Abrahams, HABC President & CEO

# **HB564\_Taveras\_Amendment**

Uploaded by: Deni Taveras

Position: INFO



**HB0564/683921/1**

AMENDMENTS  
PREPARED  
BY THE  
DEPT. OF LEGISLATIVE  
SERVICES

14 FEB 24  
08:24:59

BY: Delegate Taveras

(To be offered in the Environment and Transportation Committee)

AMENDMENTS TO HOUSE BILL 564

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, strike beginning with “landlord” in line 5 down through “circumstances;” in line 6 and substitute “tenant or prospective tenant to provide proof of a certain renter’s insurance policy to the landlord before signing a lease;”.

AMENDMENT NO. 2

On page 4, strike beginning with “(1)” in line 25 down through “SUBSECTION” in line 34 and substitute “BEFORE SIGNING A LEASE, A TENANT OR PROSPECTIVE TENANT SHALL PROVIDE TO THE LANDLORD PROOF THAT THE TENANT OR PROSPECTIVE TENANT HAS ACQUIRED A RENTER’S INSURANCE POLICY DESCRIBED UNDER SUBSECTION (C)(4) OF THIS SECTION”.