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SB725: Real Property - Residential Leases - Renter's Insurance Requirement

Hearing before the Senate Judiciary Committee on February 20, 2024

Position: Favorable With Amendments

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 SB 725, 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 (410) 625-9409 Ext. 250.