

SB 725 FWA Renters Insurance.pdf

Uploaded by: Albert Turner

Position: FWA



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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.

MMHA - 2024 - SB 725 - FWA.pdf

Uploaded by: Grason Wiggins

Position: FWA



Senate Bill 725

Committee: Judicial Proceedings

Date: February 20, 2024

Position: Favorable with Amendments

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.

Senate Bill 725 ("SB 725") requires a residential lease to include a requirement that a tenant hold a renter's insurance policy for their person 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, SB 725 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, SB 725 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 SB 725 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 SB 725.

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.

SB 725-AOBA--FWA.pdf

Uploaded by: Ryan Washington

Position: FWA



Bill No: SB 725—Real Property - Residential Leases - Renter's Insurance Requirement

Committee: Judicial Proceedings

Date: 2/20/2024

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.

Senate Bill 725 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 SB 725. For further information contact Ryan Washington, AOBA Manager of Government Affairs, at 202-770-7713 or rashington@aoba-metro.org .

SB 725_realtors_fwa.pdf

Uploaded by: William Castelli

Position: FWA



Senate Bill 725 – Real Property – Residential Leases – Renter’s Insurance Requirement

Position: Favorable with Amendment

Maryland REALTORS® supports SB 725 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.

SB 725 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 or
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.



SB 725_Consumer Protection Division_Oppose_2024.pd

Uploaded by: Kira Wilpone-Welborn

Position: UNF

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WILLIAM D. GRUHN
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February 19, 2024

To: The Honorable William C. Smith, Jr.
Chair, Judicial Proceedings Committee

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

Re: Senate Bill 725 – Real Property - Residential Leases - Renter's Insurance Requirement
(OPPOSE)

The Consumer Protection Division of the Office of the Attorney General (the “Division”) respectfully opposes Senate Bill 725 sponsored by Senator Joanne C. Benson. Although renter’s insurance provides a valuable protection against loss and damage to a renter’s personal property, mandating insurance coverage, as Senate Bill 725 proposes, could make housing unaffordable for low-income renters and subject them to unfair, abusive, and deceptive trade practices.

First, although Senate Bill 725 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, Senate Bill 725’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.¹ Mandating an additional fee in the form of renter’s insurance could further exacerbate housing unaffordability.

¹ 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, Senate Bill 725'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, Senate Bill 725 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, Senate Bill 725 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 Judicial Proceedings Committee issue an unfavorable report.

Cc: The Honorable Joanne C. Benson
Members, Judicial Proceedings Committee

Senate Bill 725 - Real Property - Residential Leas

Uploaded by: Crystal Hypolite

Position: INFO

Robin Carter
Chairperson, Board of Commissioners

Janet Abrahams
President | Chief Executive Officer



February 20, 2024

TO: Members of the Judicial Proceedings Committee

FROM: Janet Abrahams, HABC President & CEO

A handwritten signature in black ink, appearing to be "J. Abrahams", is written over the "FROM:" line.

RE: Senate Bill 725 - 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 SB 725 - Real Property - Residential Leases - Renter's Insurance Requirement.

SB 725 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, 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

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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