

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 1153
Economic Matters

(Delegate Wood)

Finance

Insurance - Maryland Property Insurance Availability Act

This bill requires the operating program adopted by the governing committee of the Joint Insurance Association (JIA) to establish a maximum liability limit of \$1.5 million on real or personal property composed of or contained in a single building.

Fiscal Summary

State Effect: Potential minimal decrease in premium tax collections to the extent insureds purchase insurance from JIA rather than through surplus lines insurers. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law: JIA is established under the Maryland Property Insurance Availability Act. JIA comprises all property and casualty insurers operating in the State. Its purpose is to provide property insurance and homeowner's insurance to those who are unable to obtain such insurance elsewhere.

JIA's governing committee must adopt a program of operation in accordance with the Maryland Property Insurance Availability Act. The program of operation must, among other things, establish a maximum liability limit of \$500,000 on real or personal property composed of or contained in: (1) a single building; or (2) multiple buildings situated on a

single parcel of land. The program must also establish appropriate liability sublimits based on construction, protection, and occupancy class.

Small Business Effect: Small businesses could obtain insurance for the bill's higher coverage without going into the surplus lines market.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - March 14, 2003
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