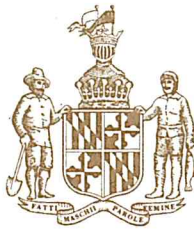


# **JacksonSB52Testimony.pdf**

Uploaded by: Michael Jackson

Position: FAV

**MICHAEL A. JACKSON**  
*Legislative District 27*  
Calvert, Charles and  
Prince George's Counties



*Annapolis Office*  
Miller Senate Office Building  
11 Bladen Street, Suite 3 West  
Annapolis, Maryland 21401  
410-841-3700 · 301-858-3700  
800-492-7122 Ext. 3700  
Michael.Jackson@senate.state.md.us

Budget and Taxation Committee

*Subcommittees*

Pensions

Public Safety, Transportation, and  
Environment

**THE SENATE OF MARYLAND**  
ANNAPOLIS, MARYLAND 21401

*District Office*  
250 Merrimac Court  
Prince Frederick, Maryland 20678

***TESTIMONY - SENATE BILL 52***

***REAL PROPERTY – SATISFACTION OF A MORTGAGE –  
REQUIRED HOMEOWNER'S INSURANCE  
(CASSIDY'S LAW)***

***JUDICIAL PROCEEDINGS COMMITTEE***

***JANUARY 26, 2022***

Chair Smith, Vice Chair Waldstreicher, and Fellow Committee Members:

Senate Bill 52 is a very straightforward bill that simply requires homeowners to maintain homeowner's insurance after their mortgages are paid off. The bill would require owners of residential real property to maintain homeowner's insurance, with liability coverage of at least \$100,000 for bodily or personal injury occurring on their property, after their mortgages are paid off.

This legislation comes about as a result of a recent issue I learned about from some constituents. A young lady was mauled by a dog in the yard of a homeowner that did not carry homeowner's insurance because their mortgage was paid off. Because of the incident, the young lady (Cassidy Tucker) faces a myriad of surgeries and medical bills that were not covered because the homeowner did not carry homeowner's insurance with liability coverage that typical homeowners with an active mortgage carry. To attain recourse the family of the young lady has been forced to do so through the legal system as opposed to seeking it through an insurance carrier. This has created a serious and avoidable hardship to both the homeowner and the young lady who endured the incident.

Requiring homeowners to carry insurance (with liability coverage) for mortgages that are paid off would provide a needed level of protection to both homeowners and those who are victims of unfortunate incidents such as the one endured by Cassidy Tucker.

**For the reasons listed above, I ask for a favorable report of Senate Bill 52.**

**APCIA SB52 FWA 012622 .pdf**

Uploaded by: Nancy Egan

Position: FWA

**Testimony of  
American Property Casualty Insurance Association (APCIA)**

**Judicial Proceedings Committee**

**Senate Bill 52- Real Property – Satisfaction of a Mortgage – Required Homeowner’s  
Insurance**

**January 26, 2022**

The American Property Casualty Insurance Association (APCIA) is a national trade organization representing nearly 60 percent of the U.S. property casualty insurance market. APCIA appreciates the opportunity to provide written comments in response to Senate Bill 52. APCIA offers language to amend the proposed requirement that an owner of residential property, not subject to a mortgage, maintain homeowner’s insurance coverage of at least \$100,000 in bodily or personal injury coverage.

APCIA believes that SB 52 directly impacts the important role of financial responsibility in the residential property market, and while mandated insurance coverage offers a direct route to covering against potential loss, we believe that greater flexibility in providing proof of financial responsibility by property owners will be beneficial to the people of Maryland. Providing flexibility in securing loans for property will serve to protect the property and rental markets in Maryland to the benefit of lenders, renters, and property owners.

Insurance requirements for real property related loans are typically included to protect lenders against loss to a structure, personal property, loss of rental income, or liability associated with damages stemming from personal injury. Often these requirements are fulfilled through the purchase of homeowners insurance or a product known as a Dwelling Fire (DP-3) policy. DP-3 policies cover a property in a manner similar to a Homeowners policy and are well suited for residential property being rented to others. However, the DP-3 policy does not provide liability protection and thus, would require another policy or coverage on a different form to satisfy the requirements of this bill as drafted.

It is important to understand that alternative options are available to provide demonstration of financial responsibility as would be required by this bill. Making those options available will provide greater opportunity for owners of residential property to provide financial coverage, while still maintain coverage for bodily or personal injury. Accordingly: APCIA proposes that the language of SB52 be amended to:

- Require owners of residential real property that is not subject to a mortgage to maintain proof of financial responsibility for any liability arising out of the ownership of the property of at least \$100,000 for bodily or personal injury occurring on the property.
- To fulfill the requirement of demonstrating financial responsibility the owner may provide:
  - An insurance policy that provides liability coverage from a company licensed to do business in the state of Maryland
  - A real estate bond for at least \$100,000 from a company licensed to do business in the state of Maryland
  - A surety bond for at \$100,000 from a company licensed to do business in the state of Maryland.
  - A \$100,000 cash deposit with the state assessors office appropriate to the location of the property

APCIA believes that while purchasing a homeowner's insurance or similar insurance products, will likely be the default choice of property owners to fulfil the requirements created by this proposal, providing alternative options for consumers will serve to provide greater flexibility and in doing so help to preserve the integrity of the residential property and rental market.

While APCIA must oppose this bill as written, we encourage the committee to adopt the language provided here and allow APCIA to support SB52 as amended.

---

Nancy J. Egan  
State Government Relations Counsel  
[Nancy.egan@APCI.org](mailto:Nancy.egan@APCI.org)  
Cell: 443-841-4174

**Alternative Language to SB 52 Proposed by the American Property Casualty Insurance Association.**

**March 26, 2021**

AN OWNER OF RESIDENTIAL REAL PROPERTY IN THE STATE THAT IS NOT SUBJECT TO A MORTGAGE ~~SHALL~~ MUST MAINTAIN PROOF OF FINANCIAL RESPONSIBILITY FOR ANY LIABILITY ARISING OUT OF THE OWNERSHIP OF THE PROPERTY OF AT LEAST \$100,000 FOR BODILY OR PERSONAL INJURY OCCURRING ON THE PROPERTY.

THE FINANCIAL RESPONSIBILITY REQUIREMENT CAN BE MET BY:

- 1) AN INSURANCE POLICY THAT PROVIDES LIABILITY COVERAGE FROM A COMPANY LICENSED TO DO BUSINESS IN MARYLAND
- 2) A REAL ESTATE BOND FOR AT LEAST \$100,000 FROM A COMPANY LICENSED TO DO BUSINESS IN MARYLAND
- 3) A SURETY BOND FOR AT LEAST \$100,000 FROM A COMPANY LICENSED TO DO BUSINESS IN MARYLAND
- 4) A \$100,000 CASH DEPOSIT WITH THE STATE ASSESSORS OFFICE APPROPRIATE TO THE LOCATION OF THE PROPERTY

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2021.

**SB 52\_IAB\_UNF.pdf**

Uploaded by: Bryson Popham

Position: UNF

## Bryson F. Popham, P.A.

Bryson F. Popham, Esq.

191 Main Street  
Suite 310  
Annapolis, MD 21401  
[www.papalaw.com](http://www.papalaw.com)

410-268-6871 (Telephone)  
443-458-0444 (Facsimile)

January 25, 2022

The Honorable William C. Smith, Jr.  
2 East, Miller Senate Office Building  
Annapolis, Maryland 21401

RE: Senate Bill 52 - Real Property - Satisfaction of a Mortgage - Required Homeowner's Insurance (Cassidy's Law)  
Unfavorable

Dear Chairman Smith and Members of the Senate Judicial Proceedings Committee,

Our client, the Insurance Agents and Brokers of Maryland (IA&B), is a trade association comprised of nearly 200 independent agencies, employing between 1,000 and 2,000 licensed Maryland insurance producers, which are located in and doing business throughout the State of Maryland and surrounding states.

With great respect for the sponsor of the bill, and his laudable intent to address the unfortunate circumstances of his constituent's injuries arising from an uninsured residence next to her home, we are asking that the issue addressed by Senate Bill 52 – the lack of liability insurance on a residential property – should be studied by appropriate State agencies prior to enacting a legislative solution. IA&B believes that the Maryland Insurance Commissioner's office should be part of such a study, and should probably lead it. Other agencies could be brought in as well, and the role of local government in regulating the use of residential property should also be included.

For its part, IA&B would welcome the opportunity to participate in such a study with the object of devising an appropriate approach to this challenging issue.

Very truly yours,



Bryson F. Popham

cc: The Honorable Michael A. Jackson



**SB 52\_MAMIC\_UNF.pdf**

Uploaded by: Bryson Popham

Position: UNF

## Bryson F. Popham, P.A.

Bryson F. Popham, Esq.

191 Main Street  
Suite 310  
Annapolis, MD 21401  
[www.papalaw.com](http://www.papalaw.com)

410-268-6871 (Telephone)  
443-458-0444 (Facsimile)

January 25, 2022

The Honorable William C. Smith, Jr.  
2 East, Miller Senate Office Building  
Annapolis, Maryland 21401

RE: Senate Bill 52 - Real Property - Satisfaction of a Mortgage - Required Homeowner's Insurance (Cassidy's Law)  
Unfavorable

Dear Chairman Smith and Members of the Senate Judicial Proceedings Committee,

I am writing on behalf of the Maryland Association of Mutual Insurance Companies (MAMIC) in opposition to SB 52 Real Property - Satisfaction of a Mortgage - Required Homeowner's Insurance (Cassidy's Law).

MAMIC is comprised of 12 mutual insurance companies that are headquartered both in Maryland and in neighboring states. Together, MAMIC members offer a wide variety of homeowners and other insurance products, both personal and commercial, for thousands of Maryland citizens.

Our client wishes to acknowledge Senator Jackson's desire to address the unfortunate events that gave rise to the introduction of Senate Bill 52. His desire to address this issue on behalf of his constituent and the young woman who suffered great physical harm in the incident is understandable, and we applaud his effort.

Respectfully, MAMIC suggests a different approach than the proposal set forth in Senate Bill 52, and we illustrate the need for that approach with several comments from the insurers that comprise MAMIC membership.

- How would compliance with Senate Bill 52 be conducted and assured? While there is a compulsory automobile insurance law in Maryland, there is no equivalent requirement for the owners of residential properties. Ascertaining insurance coverage, as well as the continuation or renewal of that coverage over time, would be a challenge.
- How would rental properties be treated under the bill? Even a compliance regimen that could effectively guarantee that the substantial majority of owner-occupied structures have liability insurance coverage may not be effective upon the rental of a property, especially if a landlord is relying upon a tenant to secure the necessary insurance coverage.
- While \$100,000 is offered under Senate Bill 52 as a reasonable amount of liability insurance coverage, it may be inadequate or, in some cases, excessive.
- Senate Bill 52 requires homeowner's insurance coverage, although it does not require the owner to occupy the property. Standard homeowners insurance policies require owner occupancy to be eligible for coverage.

MAMIC, through its representatives, has worked with Senator Jackson on this issue and wishes to continue assisting his effort to address this situation. Accordingly, MAMIC suggests that a study be conducted by the Maryland Insurance Administration, and perhaps other State agencies, to examine the problem. MAMIC pledges its support in this effort.

Very truly yours,

A handwritten signature in black ink that reads "Bryson Popham". The signature is written in a cursive style with a long, sweeping tail on the final letter.

Bryson F. Popham

cc: The Honorable Michael A. Jackson

# **SB52 22 Session Testimony.pdf**

Uploaded by: Theresa Kuhns

Position: UNF



**Senate Bill 52 – Real Property- Satisfaction of a Mortgage- Required Homeowners Insurance**

**Position: Oppose**

The Maryland REALTORS® is a 30,000-member professional trade organization and we have concerns over SB 52. We appreciate the Senator’s intent to provide safe housing. However, we are concerned that the bill will impact some residential property owners who are struggling with housing affordability.

SB 52, as drafted, would increase the cost of housing for almost 400,000 Maryland property owners and has potential to pose burdens for some. According to the American Communities Standard, over 27% of Maryland property owners currently do not have an existing mortgage. Within this group, we typically find it includes seniors who live on fixed incomes without additional financial means.

While we agree that it would be better if all homeowners carried insurance to protect themselves, their families, and others, not all homeowners have the income to afford it. Four out of ten homes in Maryland are in ALICE- one emergency away from potential homelessness and financial vulnerability according to the Maryland United Way. A recent Washington Post article noted the rising price of homeowners insurance across the country. Homeowners renewing their policies have found that rising material costs, supply chain disruptions and climate change are combining “to drive premiums up by an average 4 percent to an average annual premium of \$1,398, according to the Insurance Information Institute (Triple-I). Since 2017, premium rates are up 11.4 percent on average, which means they are *rising faster than inflation.*”

Currently, there is no national precedent of requiring homeowner’s insurance after satisfaction of mortgage, in fact, we could find no state had passed similar legislation in part because of the financial burdens placed on the existing property owners.

According to the Triple-I data, **Maryland experienced a 13.4 percent increase from 2017 to 2020.**

The Maryland REALTORS® would like to continue the dialogue on private property owners protecting both their community and their own financial investments. We agree that carrying insurance makes sense for all homeowners but remain concerned about homeowners struggling with current costs meeting the demands of the bill.

Finally, if the Committee decides to move this legislation forward, it is important the legislation recognizes that some home policies exclude coverage for dog bites.

The Maryland REALTORS® request an unfavorable report.

**For more information contact [bill.castelli@mdrealtor.org](mailto:bill.castelli@mdrealtor.org),  
[susan.mitchell@mdrealtor.org](mailto:susan.mitchell@mdrealtor.org), [lisa.may@mdrealtor.org](mailto:lisa.may@mdrealtor.org) or  
[theresa.kuhns@mdrealtor.org](mailto:theresa.kuhns@mdrealtor.org)**

**SB 52 2022 MIA Letter of Information Agency Final.**

Uploaded by: Kory Boone

Position: INFO

LARRY HOGAN  
Governor

BOYD K. RUTHERFORD  
Lt. Governor



KATHLEEN A. BIRRANE  
Commissioner

GREGORY M. DERWART  
Deputy Commissioner

200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202  
Direct Dial: 410-468-2471 Fax: 410-468-2020  
Email: [kathleen.birrane@maryland.gov](mailto:kathleen.birrane@maryland.gov)  
[www.insurance.maryland.gov](http://www.insurance.maryland.gov)

**TESTIMONY OF  
THE  
MARYLAND INSURANCE ADMINISTRATION  
BEFORE THE  
SENATE JUDICIAL PROCEEDINGS COMMITTEE**

**JANUARY 26, 2022**

**SENATE BILL 52 - Real Property – Satisfaction of a Mortgage –  
Required Homeowner’s Insurance (Cassidy’s Law)**

**POSITION: LETTER OF INFORMATION**

Thank you for the opportunity to provide written comments on Senate Bill 52 (SB 52).

SB 52 will require homeowners who own their home outright to purchase a homeowner’s insurance policy with personal liability coverage of at least \$100,000. The Maryland Insurance Administration (MIA) notes, however, that there is no language in the bill that establishes a mechanism for identifying homeowners who do not have a mortgage on their home.

Additionally, the MIA believes that the passage of SB 52 will have the unintended consequence of placing a new financial obligation (purchasing insurance) on the shoulders of Maryland residents who own their homes outright, but are otherwise economically challenged with respect to property taxes and meeting other basic needs. This cohort of homeowners, who are often on fixed or limited incomes, will have to add this mandated liability insurance coverage to their list of existing financial obligations.

Thank you for the opportunity to provide this letter of information. The MIA is available if we can answer any questions or provide additional insight.