



191 Main Street, Suite 310 – Annapolis MD 21401 – 410-268-6871

March 13, 2023

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

RE: Senate Bill 683 - Courts – Wrongful Acts by Deceased Individuals – Actions In Rem UNFAVORABLE

Dear Chairman Smith and Members of the Committee,

I am writing on behalf of the Maryland Association of Mutual Insurance Companies (MAMIC) in opposition to Senate Bill 683.

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. MAMIC members are a key component of the property and casualty insurance industry that serves Maryland.

The bill provides that a legal action *in rem* may be brought against an insurance policy that was held by a deceased person who, allegedly, was responsible for damages arising from a motor vehicle accident.

In rem actions are typically brought against property itself, when there is a dispute related to a property title and other rights that are related to the title. It is often used by a debtor seeking recovery of monies owed. Other reasons for using an *in rem* proceeding include partitioning real property or foreclosing on a mortgage for which the property is held as security. *In rem* proceedings are also commonly used in admiralty law matters.

By contrast, insurance policies are contracts between an insurer and a policyholder. They are subject to standard provisions of contract law, with a long history of judicial interpretation. A legal action cannot be brought “against” an insurance policy in the same sense that it can be brought against, for example, real property. In the latter case, the property may be used to satisfy a plaintiff’s claim. In the former, the insurance policy serves as a bundle of rights and obligations that are interpreted according to contract law and also, often, the law of negligence as set forth on page 1, line 20 of Senate Bill 683.

In discussing Senate Bill 683, MAMIC and its members are unaware of any specific instance of the factual situation presented in the bill and we are not aware that any claimant has been disadvantaged due to the fact that an otherwise valid insurance policy is, at the time of claim, held by a deceased individual. We recommend that any party making a claim under this situation may submit the matter to the office of the Maryland Insurance Commissioner, which is charged with enforcing the provisions of the Maryland Unfair Claim Settlement Practices Act (Insurance Article, Title 27, Subtitle 3).

Accordingly, MAMIC respectfully requests an unfavorable report on Senate Bill 683.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jane A. Peltus". The signature is written in black ink on a white background.

President, MAMIC

cc: Bryson Popham