

January 23, 2024

Hon. Pamela Beidle and Members of the Committee  
Senate Finance Committee  
Maryland General Assembly

RE: Senate Bill 231 – Protections After Loss or Damage to Property – Support

Dear Chair Beidle and Members of the Committee:

The National Insurance Crime Bureau (NICB) is a national, century-old, not-for-profit organization supported by approximately 1,200 property and casualty insurance companies, including many who write business in Maryland. Working hand-in-hand with our member-companies and Maryland state and local law enforcement, we help to detect, prevent, and deter insurance crimes, including contractor fraud. While NICB provides value to our member companies, we also serve a significant public benefit by helping to stem the estimated billions of dollars in economic harm that insurance crime causes to individual policy holders across the country every year.

Contractors often use the aftermath of major storms or catastrophes to prey upon already vulnerable consumers. Contractor fraud continues to be a widespread problem across the country, including in Maryland. Unscrupulous public adjusters often add to that harm. Public adjusters are sometimes hired by policyholders to assist the policyholder in resolving claims. Most public adjusters, who are paid based on a percentage of the total claim award, assess, and evaluate damage in a professional manner and are often helpful to advance policyholders' interests. However, dishonest public adjusters may artificially inflate claims estimates to line their own pockets. More obvious scams involve charging unnecessary, exorbitant, or fraudulent fees; stealing policyholders' personal information; or fraudulently working with partner contractors in schemes to inflate claims in exchange for kickbacks.

Senate Bill 231 seeks to provide important consumer protections, including prohibitions around soliciting insureds as well as extending the timeframe for an insured who is 65 years or older to rescind or cancel a public adjuster contract from 3 days to 7 days. Furthermore, SB 231 clarifies that contractors are prohibited from paying or promising to pay an insured's deductible when offering home repair or remodeling, regardless of whether the property damage is weather-related.

Accordingly, we respectfully request your support of SB 231 which will help protect insureds against fraud and curtail unscrupulous public adjusters and contractors.

We thank you for considering our views as you deliberate the merits of this bill. We strongly encourage you to utilize NICB as a resource and partner in the fight against insurance fraud. If you have any questions or need additional information, please contact me at edecampos@nicb.org or 847.989.7104.

Sincerely,



Eric M. De Campos  
Senior Director  
Strategy, Policy and Government Affairs  
National Insurance Crime Bureau