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February 28, 2024

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

RE: Senate Bill 1015 - Condominiums – Mandatory Insurance Coverage – Detached Units - UNFAVORABLE

Dear Chair Smith and Members of the Committee,

On behalf of the Maryland Association of Mutual Insurance Companies (MAMIC), we respectfully support a series of amendments on Senate Bill 1015, should the Committee desire to move it forward.

MAMIC is comprised of 12 mutual insurance companies that are headquartered in Maryland and neighboring states. Approximately one-half of our members are domiciled in Maryland, and are key contributors and employers in our local communities. Together, MAMIC members offer a wide variety of insurance products and services and provide coverage for thousands of Maryland citizens.

Senate Bill 1015 and its House crossfile 1227 were introduced this year to address the confusion from the passage of House Bill 98 last year. The general subject of House Bill 98 was the well-settled law governing insurance coverage for condominium regimes and individual condominium units. That legislation disrupted the orderly process of insuring this type of property, a process which had developed over many years. House Bill 98 has raised continuing questions about the appropriate way for condominium associations, individual condominium unit owners, insurers and their agents to secure the proper insurance coverage on these entities.

Significantly, the witness list on House Bill 98 includes no insurance companies, agents or similar entities, probably because the insurance industry did not understand the intent of the bill or its potential effect. One of the witnesses summarized the problems of the legislation succinctly: “This bill is not properly worded and therefore its purpose is not clear.” That testimony has proven to be accurate. Equally significant is the lack of a letter of information in the bill file from the insurance regulator on that legislation. We trust the Committee will agree that input from those experienced in providing insurance coverage for condominiums, together with input from our State insurance regulator, are essential ingredients for any decision by the legislature on this topic.

This year’s legislation is a good faith attempt to address the questions that arose following the passage of House Bill 98 last year. Unfortunately, substantive coverage questions and issues for condominiums remain, and therefore the potential exists for confusion in the adjudication of claims arising from damage to detached condominium units and structures that would be covered by a master condominium policy.

MAMIC’s position on the bill is unusual. We support the bill with amendments, however, we should explain that our amendments would strike all of the new language in Senate Bill 1015, and furthermore, the amendments would also remove the language adopted in House Bill 98 in 2023 and return the statute to its prior status. Essentially,

our amendments would restart the process. Meanwhile, that would permit order to return to the process of underwriting and placing appropriate condominium insurance coverage, both for master policies and for individual units (whether detached or not). MAMIC also suggests that the amendment language would require a study conducted by the Maryland Insurance Administration to examine the subject of detached units that HB 98 sought to address. The study would direct the Administration to consult with insurers, producers, condominium associations and other stakeholders, and return a report to this Committee with recommendations for any changes in the law that it may believe are appropriate.

With these recommendations and amendments, MAMIC could support passage of Senate Bill 1015. We also pledge to encourage our individual members to participate in any study that may take place under the provisions of this bill.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jeane A. Peters".

Jeane A. Peters, President MAMIC

cc: Bryson Popham