



January 26, 2026

The Honorable Pamela Beidle, Chair
Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, Maryland 21401

RE: SB 52 / HB 283 – Depreciation of Labor in Calculating ACV Claims - UNFAVORABLE

Dear Senator Beidle and members of the Committee:

On behalf of the Insurance Agents & Brokers of Maryland (IA&B), we respectfully urge an unfavorable vote on Senate Bill 52 as drafted. IA&B is a professional trade association for independent insurance agents in Maryland, representing nearly 200 member agencies and their 1,800-plus employees.

Senate Bill 52, while well intentioned, would further reduce access to homeowners' insurance across Maryland.

In response to increasing frequency and severity of claims, many insurers have already amended their underwriting guidelines to limit or decline new policies for homes with roofs older than 10 or 15 years. Eliminating the ability to apply labor depreciation as part of an actual cash value settlement would remove an important tool insurers use to manage these escalating costs, leaving fewer options short of higher premiums, tighter underwriting standards, or reduced product offerings. The resulting impacts would fall most heavily on owners of older homes and properties in high-risk storm areas, precisely the consumers who are already facing the greatest difficulty securing coverage.

We respectfully encourage legislators to give due consideration to the underlying factors that have led to increased use of ACV, particularly in the context of roof claims. In recent years, Maryland insurers and agents have observed a marked increase in solicitation from contractors who aggressively market "free roofs" to policyholders, filing invalid or outright fraudulent claims on their behalf, and inflating repair estimates. These contractors will often try to pass off regular wear and tear as "storm damage," and some have been caught and prosecuted by the Maryland Insurance Administration for intentionally damaging the roofs themselves. These claims are costly for insurers to fight, and many end up being paid out, increasing premiums on all policyholders.

Removing the ability to apply depreciation to the labor costs of roof installation would enable these bad actors to continue to manipulate their invoices and will push insurers to use other methods to control costs. One such method is use of storm deductibles that are applied as a percentage of the total policy limit (a 5% storm deductible on a \$400,000 home would be \$20,000). Such deductibles affect all homeowners, regardless of their roof's age or condition at the time of the claim.

Rather than imposing a blanket prohibition on the depreciation of labor, we recommend that the Maryland General Assembly address the underlying concern through greater transparency and clarity



in policy language. In speaking with our member agents, we have found that insurance policies do not always clearly define “actual cash value” or expressly state whether labor costs are subject to depreciation.

We agree that depreciation should not be applied in a manner that is hidden, ambiguous, or inconsistent with consumer expectations. Requiring insurers to conspicuously disclose whether claims may be settled on an ACV basis, and whether labor will be depreciated, would better inform policyholders, preserve consumer choice, and address confusion without making homeowner’s insurance less affordable.

For these reasons, we respectfully urge an unfavorable vote on Senate Bill 52 as drafted. Thank you for your consideration.

Sincerely,

Johnathan Savant
Director, Government Affairs