

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 52

(Senator Jackson)

Judicial Proceedings

Real Property - Satisfaction of a Mortgage - Required Homeowner's Insurance
(Cassidy's Law)

This bill requires an owner of residential real property in the State that is not subject to a mortgage to maintain homeowner's insurance with liability coverage of at least \$100,000 for bodily or personal injury occurring on the property.

Fiscal Summary

State Effect: General fund revenues increase minimally beginning in FY 2023 from premium tax revenues resulting from premiums for homeowner's insurance policies required under the bill. Expenditures are not affected.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Current Law: Insurance in the State is regulated by the Maryland Insurance Administration (MIA), an independent agency headed by the Insurance Commissioner, whom the Governor appoints with the advice and consent of the Senate. The two primary types of insurance regulated by MIA are property and casualty insurance (including homeowner's insurance) and health insurance.

Insurance law establishes numerous requirements for homeowner's insurance policies, including the factors that an insurer must take into consideration when rating a policy and procedures an insurer must follow when canceling a policy. State law does not require a

consumer to purchase a homeowner's insurance policy either concurrent with a mortgage or without a mortgage. (However, under the Real Property Article, the bylaws of a condominium may require a unit owner to maintain a condominium unit owner insurance policy.) Even so, lenders that issue mortgages typically require the buyer to purchase and maintain homeowner's insurance while the mortgage is in effect as part of the loan contract.

Title 6 of the Insurance Article imposes a 2% premium tax on each authorized insurance company, surplus lines broker, or unauthorized insurance company that sells, or an individual who independently procures, any type of insurance coverage upon a risk that is located in the State. Revenues accrue to the general fund.

Additional Information

Prior Introductions: SB 962 of 2021 received a hearing in the Senate Judicial Proceedings Committee, but no further action was taken.

Designated Cross File: None.

Information Source(s): Office of the Attorney General (Consumer Protection Division); Judiciary (Administrative Office of the Courts); Maryland Department of Labor; Maryland Insurance Administration; Department of Legislative Services

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