



191 Main Street, Suite 200 – Annapolis MD 21401 – 410-268-6871

February 12, 2020

The Honorable Delores G. Kelley, Chair  
Senate Finance Committee  
3 East Miller Senate Office Building  
Annapolis, MD 21401

RE: Senate Bill 345 - Weather-Related Claims and Notice of Cancellation or Nonrenewal - OPPOSED

Dear Senator Kelley,

On behalf of the Maryland Association of Mutual Insurance Companies (MAMIC), I respectfully request an unfavorable report on Senate Bill 345.

MAMIC is comprised of eleven 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. As mutual insurers, MAMIC members are owned entirely by our policyholders, and any profits earned are either retained by the company or returned to policyholders in the form of dividends. By contrast, stock insurers are owned by shareholders. Profits generated by a stock insurer are distributed to investors who may or may not have a policy of insurance with the company.

Many of our members provide homeowners insurance policies for insureds in Maryland. Because weather is a key element among potential causes of loss under a homeowners insurance policy, it is a significant underwriting concern to our members when offering this type of insurance. Maryland adopted a statutory policy with respect to weather-related claims many years ago. That policy carefully balanced the needs of homeowners insurance consumers and the insurers who offer that product. Because our members tend to be small and medium-sized insurers, it is essential that we have a clear understanding of our exposure to weather-related claims at all times. The Maryland legislature provided this clarity in Section 27-501.

It is also worth noting that the Maryland Insurance Administration has adopted regulations to further protect insureds when an insurer seeks to impose a temporary moratorium on writing homeowners insurance in response to certain weather events, such as hurricanes or tropical storms. Together, this matrix of statutes and regulations has created a stable, predictable environment that permits insurers like the members of MAMIC to continue offering their products in Maryland.

Senate Bill 345 would completely disrupt this carefully crafted, longstanding public policy on homeowners insurance. For smaller insurers such as a typical MAMIC member, enactment of this legislation would create a significant risk to the ability of a smaller insurer to write homeowners insurance policies freely in Maryland. To our knowledge, there has been no evidence of consumer harm resulting from an insurer's actions under the current statute. Therefore, we respectfully request an unfavorable report on Senate Bill 345.

Thank you,

Jill Showalter  
MAMIC President