



**American Property Casualty Insurance Association**

**Senate Finance Committee**

**House Bill 1148- Homeowner's and Renter's Insurance - Lapses in Coverage - Prohibition on Denial**

**March 27, 2025**

**Unfavorable**

The American Property Casualty Insurance Association (APCIA) is a national trade organization whose members write approximately 71.4% of the total property casualty market in Maryland. House Bill 1148 would prohibit a property and casualty insurer from considering the lapse of coverage due to the choice of applicant and losses incurred by or the claims history of the applicant. This is limited to homeowner's insurance or renter's insurance. This would severely hamper the ability of an insurer to underwrite a risk as new business when considering an applicant.

The bill would not permit a company to consider lapses in coverage to underwrite a new risk. It would permit someone to let their renter's insurance or homeowner's insurance lapse even if there is an insurable interest listed on the policy and go uninsured. For example, there could be a lienholder on the personal property. There could be a mortgagee. The landlord may require that liability insurance be maintained with the landlord listed as additional insured. The condo by-laws may require that all unit owners maintain certain coverages such loss assessment coverage and liability coverage.

These examples are just a few of what could happen if a company is unable to look at lapses in coverage when underwriting a risk. These are all examples of morale hazards. As the bill is currently drafted, it limits the ability of companies to underwrite the risk of an insured based on their history.

For these reasons, APCIA urges the Committee to provide an unfavorable report on House Bill 1148.

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