

**CITY OF BALTIMORE
COUNCIL BILL 14-0160R
(Resolution)**

Introduced by: Councilmember Henry, President Young, Councilmembers Scott, Stokes, Branch,
Clarke, Middleton

Introduced and read first time: March 24, 2014

Assigned to: Housing and Community Development Committee

A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **Request for State Action – State Run Home Insurer of Last Resort**

3 FOR the purpose of calling on the State to establish a home insurer of last resort modeled on the
4 State run auto insurer of last resort, MAIF, that could provide needed home insurance to
5 homeowners denied coverage by the private insurance market due to factors beyond their
6 control, such as nearby vacant properties.

7 **Recitals**

8 Homeowners' insurance is a necessity for most property owning Baltimoreans, either as a
9 requirement of their mortgages or due to simple prudence in protecting their single largest
10 investment. However, the number of homeowners who are unable to obtain insurance, not
11 because of their own actions but because of the negligence of their neighbors, has begun growing
12 to troubling proportions.

13 Although Baltimore is hardly unique in experiencing this problem, the nature of our housing
14 stock makes it especially acute here. Baltimore's signature rowhouses are particularly
15 vulnerable to damage from poorly maintained neighboring buildings with whom they share a
16 wall. If the building on the other side of your wall happens to be vacant, the risk you face of
17 problems spilling over onto your property due to poor maintenance of your vacant neighbor goes
18 up dramatically.

19 The unfortunate reality that Baltimore has far too many vacant rowhouses means that these
20 risks are faced by far too many homeowners and their insurers. In some instances, the risk posed
21 by a decaying neighbor rises to the point that no insurer is willing to take it on, and innocent
22 homeowners can find themselves unable to obtain the insurance they need.

23 Without insurance these homeowners face huge financial risks, are unable to comply with the
24 terms for financing, and could be forced to abandon their own homes. This situation is
25 intolerable not only for the harm it does to blameless homeowners, but also for the devastating
26 chain reaction it can cause in vulnerable neighborhoods whereby a single decrepit vacant home
27 can metastasize and make an entire block uninhabitable.

28 Clearly, action needs to be taken to address this serious problem. Luckily here in Maryland,
29 there is a well established precedent for handling the inability of private insurance to meet our
30 residents' needs.

EXPLANATION: Underlining indicates matter added by amendment.
~~Strike out~~ indicates matter deleted by amendment.

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1 In 1972, the General Assembly created the Maryland Auto Insurance Fund (MAIF) to solve a
2 similar problem caused by the inability of some Marylanders to find auto insurance companies
3 willing to provide the insurance coverage they were legally required to have. MAIF was created
4 as a government entity tasked with directly supplying auto insurance to Maryland drivers rejected
5 by the private market.

6 More than four decades later, MAIF continues to be a successful government program that,
7 without the use of any taxpayer money, allows thousands of Maryland drivers to operate their
8 vehicles in compliance with the law when they would otherwise be effectively barred from
9 driving due to a market failure beyond their control.

10 Just as private insurance companies shouldn't have the power to determine who can legally
11 drive in Maryland, they shouldn't be permitted to determine who can and cannot continue to live
12 in their own homes. Instead, the State can and should create an entity to be the home insurer of
13 last resort, just as MAIF is the auto insurer of last resort.

14 The MAIF model can easily be adapted to correct failures in the homeowners' insurance
15 market that threaten to drive blameless homeowners out of their homes. Maryland should begin
16 to make these adaptations as soon as possible, before insurance companies' unwillingness to risk
17 their profits does any more irreversible harm to our most vulnerable neighborhoods.

18 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the
19 Council calls on the State to establish a home insurer of last resort modeled on the State run auto
20 insurer of last resort, MAIF, that could provide needed home insurance to homeowners denied
21 coverage by the private insurance market due to factors beyond their control, such as nearby
22 vacant properties.

23 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Governor, the
24 Honorable Chairs and Members of the Baltimore City House and Senate Delegations to the
25 Maryland General Assembly, the President of the Maryland Senate, the Maryland House
26 Speaker, the Mayor, and the Mayor's Legislative Liaison to the City Council.