

Market Hardening Survey Report
Homeowners Insurance Market in Maryland
November 2024

Market Analysis Unit
Market Regulation & Professional Licensing Unit
Maryland Insurance Administration

I. BACKGROUND

The Maryland Insurance Administration's (the Administration or MIA) Market Analysis Unit (within the Market Regulation and Professional Licensing Unit) is responsible for monitoring changes and trends within the insurance market in Maryland. The Market Analysis Unit periodically conducts surveys of carriers in the insurance industry to obtain information regarding pertinent and timely market issues, such as the hardening (or contracting) of the homeowners insurance market. The Administration is aware of recent changes occurring in the homeowners insurance market that are primarily driven by the effects of climate change, along with inflation. Consumers have made us aware of increased difficulty in obtaining insurance coverage in certain parts of the state. Carriers have also submitted product filings that indicate that they have become increasingly more risk adverse. In general, underwriting guidelines have become more stringent. In light of these recent changes, the Administration has been monitoring the homeowners insurance market closely and has taken appropriate steps to obtain additional information and insights into the current state of the market.

II. MARKET CONDUCT ANNUAL STATEMENT¹

The Market Conduct Annual Statement is a filing collected annually from all homeowners insurance carriers in the state of Maryland that meet the thresholds under which a filing is required.² One of those thresholds is that a carrier write \$50,000 in annualized premium or more. As indicated on the Administration's site:

The Market Conduct Annual Statement (MCAS) was developed through the National Association of Insurance Commissioners (NAIC). MCAS is designed to provide analysis of certain key market performance data that will help regulators allocate market regulation resources where they can be most effective.

Maryland statewide ratios (market indicators) are posted to the Administration's site annually. The Market Conduct Annual Statement data provides a few key insights into the homeowners market in Maryland. Those insights are the following:

- 116 insurers filed MCAS data in 2023.
- The total number of new homeowner policies written decreased year-over-year from 2021 to 2023 by 5.77%.
- The total number of company-initiated non-renewals increased year-over-year from 2021 to 2023 by 62.34%.

¹ Market Conduct Annual Statement (MCAS). Maryland Insurance Administration. <https://insurance.maryland.gov/Insurer/Pages/MarketConductAnnualStatement.aspx>. 2024.

² Market Conduct Annual Statement (MCAS). National Association of Insurance Commissioners. 2024. <https://content.naic.org/mcas-2023.htm>.

- The total number of company-initiated cancellations that occurred in the first 59 days after the effective date increased year-over year from 2021 to 2023 by 62.96%.
- The total number of company-initiated cancellations that occurred, between 60-90 days after the effective date, increased year-over-year from 2021 to 2023 by 124.7%.

The Market Conduct Annual Statement data received over the last 3 years indicates that the market has been hardening. The number of non-renewals has increased, alongside an increase in company-initiated cancellations. The number of new policies written has also slowed during the last 3 years. These are all indications of a change in the market.

III. SURVEY

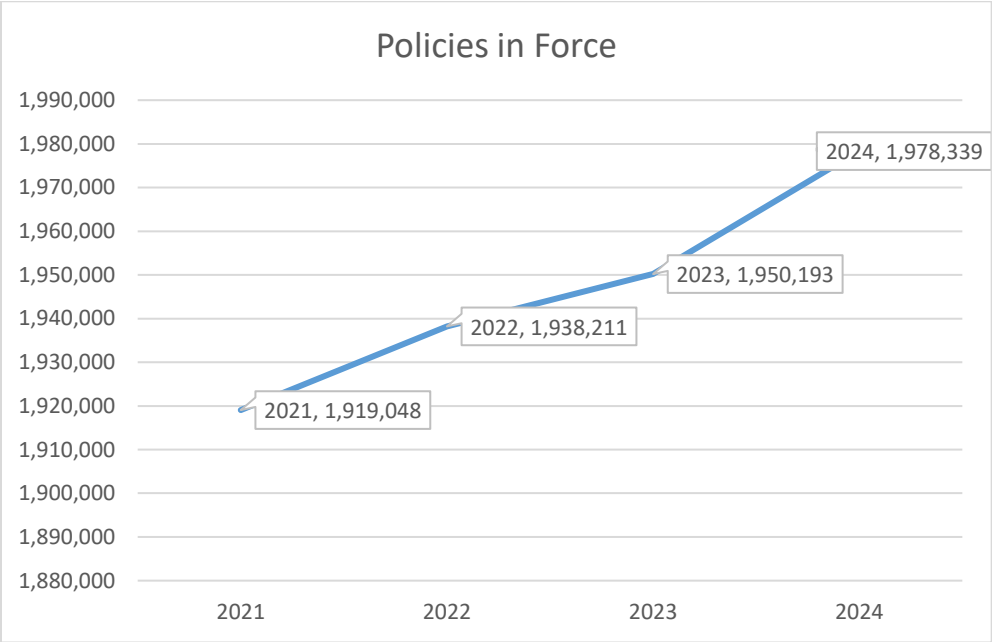
In August of 2024, the Maryland Insurance Administration issued a survey to thirty-one carriers. Thirty of the carriers represented the top thirty companies in the homeowners market in Maryland by premium written in 2023. The one additional carrier was included because it is domiciled in Maryland. The questions that were included in the survey can be seen in Exhibit A of the Appendix. The survey was inclusive of the following policy types: dwelling fire (DP-1, DP-2, and DP-3), homeowners (HO-1, HO-2, HO-3, HO-5, HO-7, and HO-8), renters (HO-4), condominium (HO-6)³, mobile home, and manufactured home. The purpose of the survey was to determine the extent to which it has become more difficult for consumers to obtain coverage on properties of varying characteristics and types in the homeowners insurance market in Maryland.

³ The designations in parentheses refer to standardized forms that refer to specific levels of coverage or types of homes insured.

IV. FINDINGS

Policies in Force

The total number of policies in force has increased year-over-year from 1,919,048 in 2021 to 1,978,339 in 2023. This represents an increase of 3.09%. This indicates that despite a hardening of the market, policies in force have continued to increase.



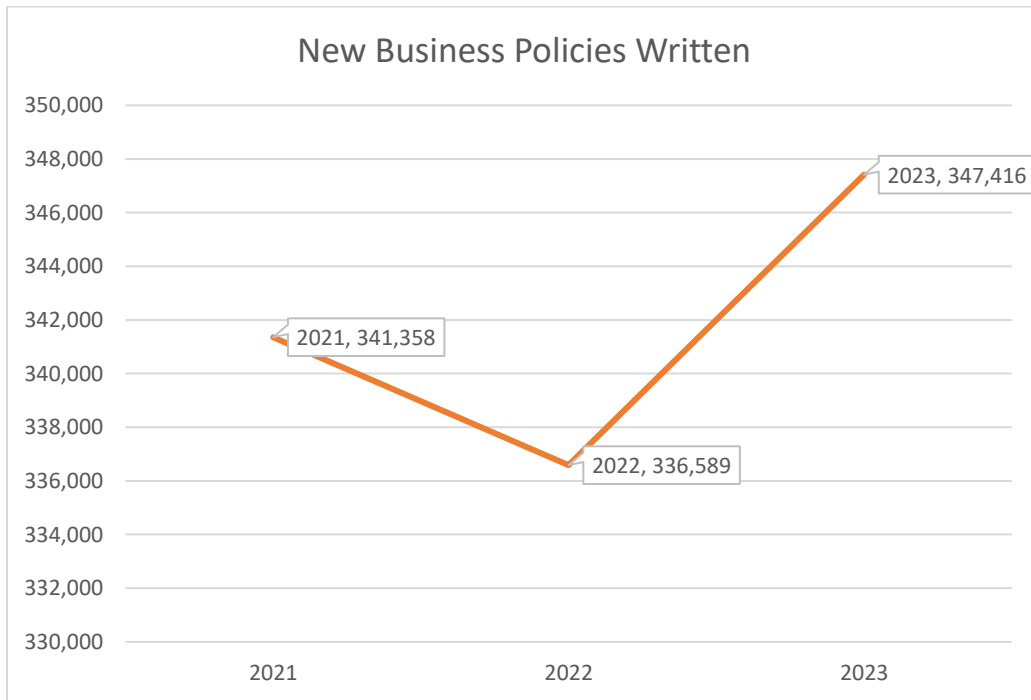
Policies in Force by County, 2021 - 2024

| County | Policies in Force 2021 | Policies in Force 2022 | Policies in Force 2023 | Policies in Force 2024 | Percentage Change from 2021 to 2022 | Percentage Change from 2022 to 2023 | Percentage Change from 2023 to 2024 |
|------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|--|--|--|
| Alleghany County | 20,752 | 20,961 | 20,886 | 21,164 | 1.0% | -0.4% | 1.3% |
| Anne Arundel County | 199,178 | 204,181 | 205,114 | 207,444 | 2.5% | 0.5% | 1.1% |
| Baltimore | 293,981 | 299,986 | 298,850 | 300,247 | 2.0% | -0.4% | 0.5% |
| Baltimore City | 140,452 | 138,918 | 139,543 | 142,497 | -1.1% | 0.4% | 2.1% |
| Calvert County | 31,724 | 32,662 | 32,796 | 33,085 | 3.0% | 0.4% | 0.9% |
| Caroline County | 7,996 | 8,184 | 8,185 | 8,287 | 2.4% | 0.0% | 1.2% |
| Carroll County | 52,536 | 53,497 | 53,789 | 54,522 | 1.8% | 0.5% | 1.4% |
| Cecil County | 31,273 | 31,995 | 32,167 | 32,759 | 2.3% | 0.5% | 1.8% |
| Charles County | 53,884 | 56,269 | 57,265 | 58,461 | 4.4% | 1.8% | 2.1% |
| Dorchester County | 8,927 | 9,114 | 9,238 | 9,435 | 2.1% | 1.4% | 2.1% |
| Frederick County | 89,812 | 92,450 | 94,256 | 96,532 | 2.9% | 2.0% | 2.4% |
| Garrett County | 11,240 | 11,392 | 11,528 | 11,724 | 1.4% | 1.2% | 1.7% |
| Harford County | 81,373 | 83,033 | 83,631 | 84,927 | 2.0% | 0.7% | 1.5% |
| Howard County | 103,553 | 106,803 | 108,126 | 109,751 | 3.1% | 1.2% | 1.5% |
| Kent County | 6,624 | 6,716 | 6,851 | 6,936 | 1.4% | 2.0% | 1.2% |
| Montgomery County | 327,676 | 330,051 | 331,193 | 336,221 | 0.7% | 0.3% | 1.5% |
| Prince George's County | 276,193 | 282,311 | 284,362 | 289,504 | 2.2% | 0.7% | 1.8% |
| Queen Anne's County | 16,735 | 17,337 | 17,767 | 18,029 | 3.6% | 2.5% | 1.5% |
| Somerset County | 4,043 | 4,115 | 4,214 | 4,230 | 1.8% | 2.4% | 0.4% |
| St. Mary's County | 36,588 | 38,015 | 38,432 | 39,089 | 3.9% | 1.1% | 1.7% |
| Talbot County | 12,614 | 12,913 | 13,136 | 13,203 | 2.4% | 1.7% | 0.5% |
| Washington County | 44,566 | 45,475 | 46,165 | 47,132 | 2.0% | 1.5% | 2.1% |
| Wicomico County | 26,627 | 26,992 | 27,096 | 27,054 | 1.4% | 0.4% | -0.2% |
| Worcester County | 25,210 | 26,056 | 26,690 | 27,120 | 3.4% | 2.4% | 1.6% |

- From 2021 to 2022, Baltimore City experienced a decrease in policies in force of 1.1%. This did coincide with the COVID-19 pandemic.
- For the majority of counties, despite hardening conditions, policies in force has continued to increase.
- Some changes in policies in force can be explained by changes in population in each county/city. Refer to Exhibit B.

New Business Policies

The total number of new business policies written decreased from 341,358 to 336,589, from 2021 to 2022. This represents a decrease of -1.40%. However, from 2022 to 2023, the number of new business policies written did increase from 336,589 to 347,416, which represents an increase of 3.22%. After a decline in the number of new policies written, it appears that the market is improving.⁴ The decline in new business policies written, over the last few years, could be explained (in part) by the decline in new homes built in the aftermath of the COVID-19 pandemic, which was primarily driven by supply chain issues.



⁴ To note, there were 7 carriers that did not report any new business during the last 3 years. This could be due to a variety of reasons; however, for those 7, there is an affiliate company within their respective groups that is writing within the state of Maryland.

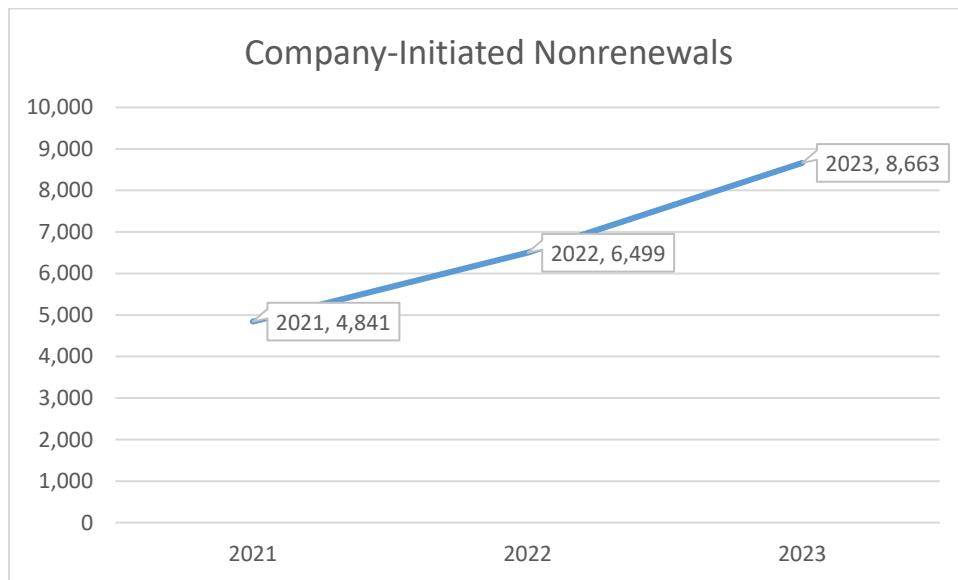
New Business Policies Written by County, 2021 - 2023

| County | New Business 2021 | New Business 2022 | New Business 2023 | Percentage Change from 2021 to 2022 | Percentage Change from 2022 to 2023 |
|------------------------|--------------------------|--------------------------|--------------------------|--|--|
| Alleghany County | 2,444 | 2,514 | 2,484 | 2.9% | -1.2% |
| Anne Arundel County | 33,668 | 32,464 | 32,908 | -3.6% | 1.4% |
| Baltimore | 53,183 | 53,406 | 54,406 | 0.4% | 1.9% |
| Baltimore City | 39,195 | 37,825 | 37,393 | -3.5% | -1.1% |
| Calvert County | 4,155 | 3,909 | 4,107 | -5.9% | 5.1% |
| Caroline County | 1,110 | 1,127 | 1,107 | 1.5% | -1.8% |
| Carroll County | 6,467 | 6,173 | 6,378 | -4.5% | 3.3% |
| Cecil County | 4,959 | 5,016 | 4,948 | 1.1% | -1.4% |
| Charles County | 8,911 | 9,271 | 10,112 | 4.0% | 9.1% |
| Dorchester County | 1,434 | 1,429 | 1,484 | -0.3% | 3.8% |
| Frederick County | 14,598 | 14,039 | 14,613 | -3.8% | 4.1% |
| Garrett County | 1,361 | 1,331 | 1,392 | -2.2% | 4.6% |
| Harford County | 13,288 | 12,972 | 13,476 | -2.4% | 3.9% |
| Howard County | 17,047 | 16,974 | 18,170 | -0.4% | 7.0% |
| Kent County | 989 | 899 | 1,150 | -9.1% | 27.9% |
| Montgomery County | 56,365 | 54,359 | 56,655 | -3.6% | 4.2% |
| Prince George's County | 56,523 | 57,395 | 59,752 | 1.5% | 4.1% |
| Queen Anne's County | 2,436 | 2,381 | 2,640 | -2.3% | 10.9% |
| Somerset County | 667 | 634 | 801 | -4.9% | 26.3% |
| St. Mary's County | 5,644 | 5,560 | 5,660 | -1.5% | 1.8% |
| Talbot County | 1,773 | 1,730 | 1,833 | -2.4% | 6.0% |
| Washington County | 6,675 | 6,971 | 7,238 | 4.4% | 3.8% |
| Wicomico County | 5,225 | 4,952 | 5,203 | -5.2% | 5.1% |
| Worcester County | 3,243 | 3,253 | 3,505 | 0.3% | 7.7% |

- Only Baltimore City has experienced a year over year decrease in new business policies written from 2021 to 2023.
- From 2021 to 2022, sixteen counties experienced a decrease in new business policies written.
- From 2022 to 2023, only four counties experienced decrease in new business policies written.
- Some changes in new business policies written can be explained by changes in population in each county/city. Refer to Exhibit B.

Company-Initiated Nonrenewals

A company-initiated nonrenewal refers to when an insurance company chooses not to renew a policy after expires. This could be at the policy's first renewal or any subsequent renewal. Insurers in Maryland are required to provide a policyholder with advanced notice of intention to nonrenew and must provide the reason for nonrenewal in that notice. The total number of company-initiated nonrenewals is of significant concern. The number of nonrenewals increased from 4,841 to 6,499, from 2021 to 2022. This represents an increase of 34.25%. From 2022 to 2023, the number of nonrenewals increased from 6,499 to 8,663. This represents an increase of 33.30%. The increase in the number of nonrenewals is concerning and indicates that carriers have become much more diligent in assessing risk within their existing book of business than they may have been historically. Company responses indicate that many insurers that have typically not inspected homes prior to renewal, have started inspecting homes prior to policy renewal in order to ensure that proper maintenance has been completed and that the level of risk has not increased. It is important to note that even with no changes to a carrier's underwriting guidelines; a carrier can choose to conduct additional inspections, which can lead to more nonrenewals.



Company-Initiated Nonrenewals by County, 2021 - 2023

| County | Non-Renewals 2021 | Non-Renewals 2022 | Non-Renewals 2023 | Percentage Change from 2021 to 2022 | Percentage Change from 2022 to 2023 |
|------------------------|--------------------------|--------------------------|--------------------------|--|--|
| Alleghany County | 112 | 263 | 141 | 134.8% | -46.4% |
| Anne Arundel County | 562 | 569 | 793 | 1.2% | 39.4% |
| Baltimore | 747 | 980 | 1258 | 31.2% | 28.4% |
| Baltimore City | 449 | 608 | 795 | 35.4% | 30.8% |
| Calvert County | 85 | 109 | 161 | 28.2% | 47.7% |
| Caroline County | 36 | 49 | 41 | 36.1% | -16.3% |
| Carroll County | 90 | 147 | 195 | 63.3% | 32.7% |
| Cecil County | 105 | 156 | 153 | 48.6% | -1.9% |
| Charles County | 154 | 210 | 295 | 36.4% | 40.5% |
| Dorchester County | 28 | 59 | 47 | 110.7% | -20.3% |
| Frederick County | 158 | 198 | 273 | 25.3% | 37.9% |
| Garrett County | 46 | 73 | 56 | 58.7% | -23.3% |
| Harford County | 212 | 259 | 332 | 22.2% | 28.2% |
| Howard County | 177 | 232 | 298 | 31.1% | 28.4% |
| Kent County | 15 | 47 | 38 | 213.3% | -19.1% |
| Montgomery County | 552 | 749 | 1106 | 35.7% | 47.7% |
| Prince George's County | 811 | 1079 | 1557 | 33.0% | 44.3% |
| Queen Anne's County | 48 | 71 | 83 | 47.9% | 16.9% |
| Somerset County | 22 | 20 | 22 | -9.1% | 10.0% |
| St. Mary's County | 89 | 114 | 156 | 28.1% | 36.8% |
| Talbot County | 34 | 39 | 45 | 14.7% | 15.4% |
| Washington County | 125 | 173 | 199 | 38.4% | 15.0% |
| Wicomico County | 72 | 94 | 95 | 30.6% | 1.1% |
| Worcester County | 57 | 78 | 98 | 36.8% | 25.6% |

- Company-initiated nonrenewals increased in every single county in Maryland from 2021 to 2022 with the exception of Somerset County.
- From 2022 to 2023, only the following six counties experienced a decrease in company-initiated nonrenewals: Alleghany County, Caroline County, Cecil County, Dorchester County, Garrett County, and Kent County.

Top Nonrenewal Reasons: 2021

| Reasons | Number of Times Reason was in Top 3 |
|--|-------------------------------------|
| Maintenance | 17 |
| Insured Death | 14 |
| Increase in Hazard ⁵ | 8 |
| Vacant | 8 |
| Underwriting | 7 |
| Failure to Respond | 6 |
| Claims Frequency | 5 |
| Non-Owner Occupied | 5 |
| New Offer in Affiliate Company | 4 |
| Ineligible Policy | 1 |
| Insured Cancellation | 1 |
| Material Misrepresentation | 1 |
| Non-Acceptance by Mortgagee | 1 |
| Other - Lack of Information Provided by Customer | 1 |
| Please remove personal umbrella coverage or quote as a package policy and rerate for consideration. Due to stand-alone property with umbrella coverage policy is ineligible. | 1 |
| Refusal to Reduce or Restrict Coverage | 1 |
| Unable to Complete Home Inspection | 1 |

⁵ Increase in hazard means that something has occurred or changed at the property that has increased the level of risk to a level higher than at which the property was initially underwritten.

Top Nonrenewal Reasons: 2022

| Reasons | Number of Times Reason was in Top 3 |
|--|-------------------------------------|
| Maintenance | 17 |
| Insured Death | 14 |
| Underwriting | 11 |
| Increase in Hazard | 7 |
| Claims Frequency | 6 |
| Failure to Respond | 5 |
| Non-Owner Occupied | 5 |
| Vacant | 5 |
| New Offer in Affiliate Company | 4 |
| Foreclosure | 3 |
| Ineligible Policy | 1 |
| Insured Cancellation | 1 |
| Non-Acceptance by Mortgagee | 1 |
| Other - Lack of Information Provided by Customer | 1 |
| Please remove personal umbrella coverage or quote as a package policy and rerate for consideration. Due to stand-alone property with umbrella coverage policy is ineligible. | 1 |
| Refusal to Reduce or Restrict Coverage | 1 |
| Unable to Complete Home Inspection | 1 |

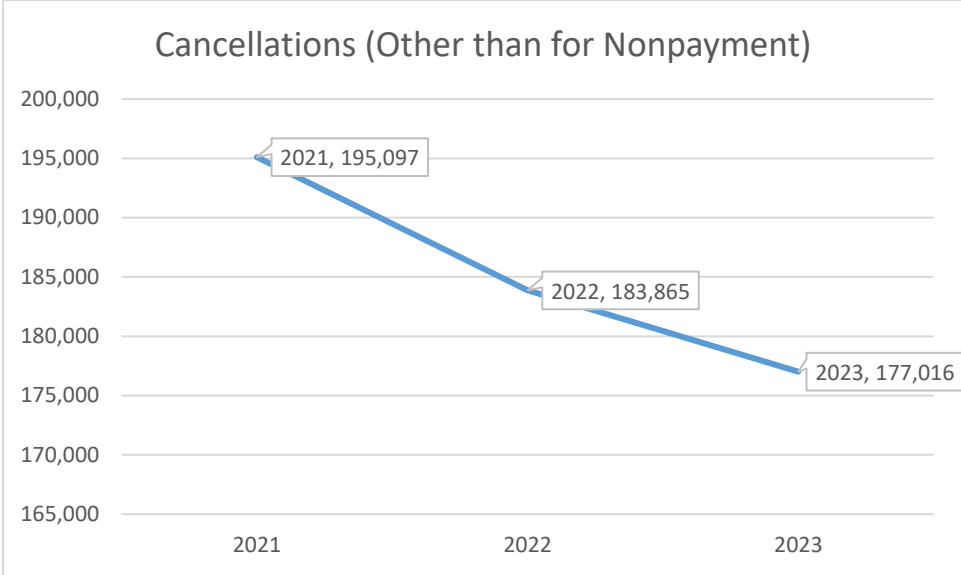
Top Nonrenewal Reasons: 2023

| Reasons | Number of Times Reason was in Top 3 |
|--|-------------------------------------|
| Maintenance | 16 |
| Insured Death | 13 |
| Underwriting | 13 |
| Claims Frequency | 10 |
| Failure to Respond | 7 |
| Increase in Hazard | 7 |
| Non-Owner Occupied | 5 |
| New Offer in Affiliate Company | 4 |
| Ineligible Policy | 1 |
| Insured Cancellation | 1 |
| Non-Acceptance by Mortgagee | 1 |
| Other - Lack of Information Provided by Customer | 1 |
| Please remove personal umbrella coverage or quote as a package policy and rerate for consideration. Due to stand-alone property with umbrella coverage policy is ineligible. | 1 |
| Product No Longer Offered | 1 |
| Refusal to Reduce or Restrict Coverage | 1 |
| Unable to Complete Home Inspection | 1 |
| Vacant | 1 |

- Out-of-date maintenance on a home has been the top reason for non-renewal over the last 3 years.
- Underwriting has also been one of the top reasons for non-renewal over the last 3 years. This could include homes that are no longer eligible for coverage through a carrier due to a change in the insurer's underwriting guidelines. The Administration is made aware by an insurer if they are planning to non-renew a set of policies due to a change in the insurer's underwriting guidelines.

Cancellations (Other than for Nonpayment)

A company cancellation of a policy refers to when a policy is terminated prior to renewal. The total number of cancellations (other than for nonpayment) has been declining over the last three years. From 2021 to 2022, the number of cancellations decreased from 195,097 to 183,865. This represents a decrease of 5.76%. From 2022 to 2023, the number of cancellations decreased from 183,865 to 177,016. This represents a decrease of 3.73%.



Cancellations (Other than for Nonpayment) by County, 2021 - 2023

| County | Cancellations 2021 | Cancellations 2022 | Cancellations 2023 | Percentage Change from 2021 to 2022 | Percentage Change from 2022 to 2023 |
|------------------------|--------------------|--------------------|--------------------|-------------------------------------|-------------------------------------|
| Alleghany County | 1,457 | 1,389 | 1,438 | -4.7% | 3.5% |
| Anne Arundel County | 22,602 | 20,547 | 18,838 | -9.1% | -8.3% |
| Baltimore | 30,332 | 29,328 | 29,584 | -3.3% | 0.9% |
| Baltimore City | 17,438 | 18,276 | 16,758 | 4.8% | -8.3% |
| Calvert County | 3,028 | 2,450 | 2,212 | -19.1% | -9.7% |
| Caroline County | 490 | 499 | 470 | 1.8% | -5.8% |
| Carroll County | 3,688 | 3,386 | 3,377 | -8.2% | -0.3% |
| Cecil County | 2,521 | 2,456 | 2,345 | -2.6% | -4.5% |
| Charles County | 5,753 | 5,191 | 4,798 | -9.8% | -7.6% |
| Dorchester County | 671 | 605 | 583 | -9.8% | -3.6% |
| Frederick County | 8,353 | 7,685 | 7,212 | -8.0% | -6.2% |
| Garrett County | 855 | 746 | 718 | -12.7% | -3.8% |
| Harford County | 7,471 | 7,012 | 6,733 | -6.1% | -4.0% |
| Howard County | 10,806 | 10,190 | 9,567 | -5.7% | -6.1% |
| Kent County | 503 | 407 | 392 | -19.1% | -3.7% |
| Montgomery County | 34,193 | 31,621 | 30,350 | -7.5% | -4.0% |
| Prince George's County | 30,013 | 28,306 | 28,439 | -5.7% | 0.5% |
| Queen Anne's County | 1,438 | 1,230 | 1,221 | -14.5% | -0.7% |
| Somerset County | 305 | 299 | 330 | -2.0% | 10.4% |
| St. Mary's County | 4,358 | 3,753 | 3,348 | -13.9% | -10.8% |
| Talbot County | 979 | 890 | 819 | -9.1% | -8.0% |
| Washington County | 3,650 | 3,646 | 3,520 | -0.1% | -3.5% |
| Wicomico County | 2,583 | 2,531 | 2,543 | -2.0% | 0.5% |
| Worcester County | 1,909 | 1,616 | 1,602 | -15.3% | -0.9% |

- The majority of counties experienced a decrease in the total number of cancellations over the last 3 years.
- The following two counties experienced an increase in the total number of cancellations from 2021 to 2022: Baltimore City and Caroline County.
- The following counties experienced an increase in the total number of cancellations from 2022 to 2023: Alleghany County, Baltimore County, Prince George’s County, Somerset County, and Wicomico County.

Top Cancellation (Other than for Nonpayment) Reasons: 2021

| Reasons | Number of Times Reason was in Top 3 |
|--|--|
| Sold - No Replacement Coverage | 13 |
| Insured Cancellation | 7 |
| Maintenance | 7 |
| Underwriting | 7 |
| Vacant | 6 |
| Increase in Hazard | 5 |
| Insured Cancellation - Priced | 4 |
| Moved - Replacement Coverage Issued | 4 |
| Other | 4 |
| Moved - No Replacement Coverage | 3 |
| Purchased Other Insurance | 3 |
| Bundling | 2 |
| Coverage Rewritten | 2 |
| Failure to Respond | 2 |
| Sold - Replacement Coverage Issued | 2 |
| Unable to Complete Home Inspection | 2 |
| Ineligible Policy | 1 |
| Insurance Not Needed | 1 |
| Insured Death | 1 |
| Material Misrepresentation | 1 |
| New Business Decline (Various Reasons) | 1 |
| Physical Condition | 1 |
| Rewritten - Same Jurisdiction | 1 |

Top Cancellation (Other than for Nonpayment) Reasons: 2022

| Reasons | Number of Times Reason was in Top 3 |
|--|--|
| Sold - No Replacement Coverage | 9 |
| Insured Cancellation | 8 |
| Maintenance | 8 |
| Underwriting | 6 |
| Vacant | 6 |
| Increase in Hazard | 5 |
| Failure to Respond | 4 |
| Insured Cancellation - Priced | 4 |
| Moved - Replacement Coverage Issued | 4 |
| Other | 4 |
| Moved - No Replacement Coverage | 3 |
| Property Sold | 3 |
| Purchased Other Insurance | 3 |
| Bundling | 2 |
| Coverage Rewritten | 2 |
| Sold - Replacement Coverage Issued | 2 |
| Unable to Complete Home Inspection | 2 |
| Ineligible Policy | 1 |
| Insurance Not Needed | 1 |
| Insured Death | 1 |
| Material Misrepresentation | 1 |
| New Business Decline (Various Reasons) | 1 |
| Rewritten - Same Jurisdiction | 1 |

Top Cancellation (Other than for Nonpayment) Reasons: 2023

| Reasons | Number of Times Reason was in Top 3 |
|--|--|
| Sold - No Replacement Coverage | 9 |
| Insured Cancellation | 8 |
| Underwriting | 7 |
| Increase in Hazard | 6 |
| Maintenance | 6 |
| Vacant | 6 |
| Insured Death | 5 |
| Insured Cancellation - Priced | 4 |
| Moved - Replacement Coverage Issued | 4 |
| Other | 4 |
| Moved - No Replacement Coverage | 3 |
| Property Sold | 3 |
| Purchased Other Insurance | 3 |
| Bundling | 2 |
| Coverage Rewritten | 2 |
| Failure to Respond | 2 |
| Material Misrepresentation | 2 |
| Sold - Replacement Coverage Issued | 2 |
| Unable to Complete Home Inspection | 2 |
| Ineligible Policy | 1 |
| Insurance Not Needed | 1 |
| New Business Decline (Various Reasons) | 1 |
| Physical Condition | 1 |
| Rewritten - Same Jurisdiction | 1 |

- The insured selling the home with no replacement coverage required on a new home has been the top reason for cancellation over the last 3 years.
- Underwriting and maintenance are also two of the top reasons for cancellation.

Underwriting Guidelines

Distance to Coast/Water Exposure⁶

Six companies indicated that they do not utilize underwriting guidelines that restrict new business and/or renewals for distance to coast/water exposure. One of those six companies indicated that it is no longer writing HO-3/homeowners policies⁷. The remaining twenty-three carriers have underwriting guidelines that do restrict new business and/or renewals in some way due to distance to coast/water exposure. Three of the carriers have made changes to their underwriting guidelines during the last 3 years. Generally, these carriers will not insure a home that is within 500 feet and up to 5 miles of a coastline. The actual distance guidelines vary from carrier to carrier. In some cases, guidelines also vary in regards to policy type, home type, and even, specific zip code. Many carriers indicated that the basis for the coastal restrictions are primarily based on the classification of hurricane risk for those areas, more so than the physical distance to coast. For a few carriers, only the classification of hurricane risk was the basis for not writing and/or restricting coverage for homes near the coastline. Finally, many carrier guidelines also indicate that islands, such as Hoopers, Smith, Taylor, or Tilghman, are unacceptable risks.

In general, these restrictions primarily (if not exclusively) pertain to properties on the Eastern Shore of MD that border either the Chesapeake Bay or the Atlantic Ocean. Worcester County is the county that is most frequently cited by name in carriers' underwriting guidelines. In many cases, the restrictions for Worcester County are far more stringent than for the surrounding counties on the Eastern Shore. A few carriers have indicated that they have raised their minimum all peril deductibles for homes in certain counties (such as Worcester). In some cases, existing business is being renewed with the higher minimum all perils deductible as specified in the carrier's underwriting guidelines. For many areas on the Eastern Shore, companies have indicated that the minimum all perils deductible and mandatory wind/hurricane deductible can vary by proximity to the coast and county. The majority of companies that have recently changed their guidelines have indicated that other than potential coverage changes, existing policyholders will continue to have their policies in force and serviced by the insurer.

There are some carriers that are planning to non-renew policies on the basis of their new underwriting guidelines and in those cases those carriers are working with the MIA to obtain approval and to provide details regarding how they will carry out the nonrenewals.

⁶ Two of the respondents did not write any new business (over the last 3 years) and are not currently writing any new business. They also have no plans to write any new business in the future. This was their provided response for all subsequent questions.

⁷ HO-3 is a common type of homeowners insurance that typically covers a broad range of perils (but not all) and provides replacement cost coverage for your home, and actual cash value for replacement of personal property.

Mobile and Manufactured Homes

One company has not restricted new business and/or renewals for mobile homes and manufactured homes.

The remaining twenty-eight carriers have restricted new business and/or renewals for mobile homes and/or manufactured homes. Some of the carriers have indicated that they have recently altered their guidelines and/or have stopped insuring mobile homes and/or manufactured homes. Below is a breakdown of the number of companies that will offer coverage for a mobile home or manufactured home.

| Manufactured/Mobile Homes | Number of Companies |
|------------------------------------|----------------------------|
| Mobile Homes – Insurable | 3 |
| Mobile Homes – Not Insurable | 25 |
| Manufactured Homes - Insurable | 5 |
| Manufactured Homes – Not Insurable | 23 |

One of the primary factors indicated by insurers that is taken into account when assessing a mobile home or manufactured home for coverage is the age of the home. Many carriers have a restriction indicating that these types of homes cannot be insured if older than 10, 20, or 30 years. For some carriers, the age of the home also determines whether actual cash value coverage is mandatory. In this instance, the age of the home would prohibit it from carrying replacement cost coverage. Many carriers also have minimum deductibles for these types of homes and that can vary from carrier to carrier, as well as from county to county. For many carriers, stricter guidelines regarding coast/water exposure also pertain to mobile homes and manufactured homes.

Roof Age

Eighteen carriers indicated that they do not restrict new business and/or renewals for roofs that are of a certain age. The remaining eleven carriers did indicate that they restrict new business and/or renewals for roofs based on age in some way. These restrictions also vary by policy type and home type. For the majority of carriers, there are guidelines indicating that for a home to qualify for coverage it needs to have a roof that is still within its functional lifespan as determined by the roof construction type. In some cases, depending on the age of the roof, only limited coverage can be offered.

Replacement Coverage v. Actual Cash Value Coverage on Roofs

Eleven of the respondents offer replacement coverage only for roofs. The remaining eighteen companies offer both replacement coverage and actual cash value coverage. A few carriers do have guidelines surrounding when a roof will only qualify for actual cash value coverage. The most common variable in determining that is the age of the roof. In some cases, the construction type of the roof is also used as a determinant. In some cases, insurers have indicated that wind and/or hail losses will only be covered for actual cash value, regardless of whether a policy provides replacement coverage for all other perils.

Age of Homes

Eight companies indicated that they have implemented underwriting guidelines that restrict new business and/or renewals due to the age of the home. The remaining twenty-one companies have indicated that they have not implemented underwriting guidelines that restrict new business and/or renewals due to the age of the home. Many of the companies indicated that the age of the home is used in conjunction with claim occurrences to determine whether coverage will be restricted. Some companies have also indicated that the age of the home is used in conjunction with the construction type of the roof to determine whether coverage will be restricted. Underwriting guidelines also often vary depending on policy type and home type. A few carriers have a maximum age limit for insurability. For most carriers, the threshold is in excess of 100 to 150 years.

Percentage Deductibles

Only four carriers increased their percentage deductibles during the study period. For many companies, it is the case that the percentage deductible is only applicable to wind. This means that the policyholder can elect a fixed all perils deductible, despite the fact that a percentage deductible applies to wind, hail, or hurricane. In many cases, whether a percentage deductible applies to a policy depends on the policy type and home type. Many carriers indicated that they offer no percentage deductibles even for wind, hail, or hurricane.

Minimum Wind Deductibles

Fifteen carriers have mandatory wind and/or hurricane deductibles that range from 1% - 5%, and in a few cases (for non-coastal properties), \$500 or \$1000. The deductible requirement can vary by policy type, home type, and county. Fourteen carriers do not have mandatory minimum wind and/or hurricane deductibles. There are a few carriers that also indicated that they have no separate deductible for wind, hail, or hurricane losses. These losses are subject to the policy's all perils deductible.

Conclusion

The findings from the survey reinforce the conclusion that the market has hardened over the last few years and that carriers are more risk-adverse; however, there are also indications that the market remains strong with a few carriers still offering coverage for both specialized homes and homes in higher risk areas of the state. As carriers continue to become more risk-adverse, it will be to the benefit of policyholders to ensure that they are providing proper maintenance to their homes and ensuring that they are aware of the estimated functional lifespan of home features, such as their roofs. The MIA will continue to monitor the number of non-renewals in the homeowners market year over year. The challenges for homeowners of coastal properties, especially for specialized homes (such as manufactured homes), remain significant. The Administration will continue to work with insurers and stakeholders to address gaps in insurance availability for coastal properties. It will also continue to keep the dialogue open with insurers as we continue to address the impact of climate change on our insurance marketplace.

APPENDIX

EXHIBIT A: SURVEY QUESTIONS

1. Provide the number of policies in force for the entire state for the years ending December 31, 2021, December 31, 2022, December 31, 2023, and July 30, 2024.
2. Provide the number of policies in force for each county and Baltimore City for the years ending December 31, 2021, December 31, 2022, December 31, 2023, and July 30, 2024.
3. Provide the number of new business policies written for the entire state for the years ending December 31, 2021, December 31, 2022, and December 31, 2023.
4. Provide the number of new business policies written for each county and Baltimore City for the years ending December 31, 2021, December 31, 2022, and December 31, 2023.
5. Provide the number of company initiated nonrenewals for the entire state for the years ending December 31, 2021, December 31, 2022, and December 31, 2023.
6. Provide the number of company initiated nonrenewals for the each county and Baltimore City for the years ending December 31, 2021, December 31, 2022, and December 31, 2023.
7. Provide the number of cancellations (other than for nonpayment) for the entire state for the years ending December 31, 2021, December 31, 2022, and December 31, 2023.
8. Provide the number of cancellations (other than for nonpayment) for each county and Baltimore City for the years ending December 31, 2021, December 31, 2022, and December 31, 2023.
9. Has the Company utilized underwriting guidelines that restrict new business and/or renewals for distance to coastal/water exposure? If yes, provide an explanation, as well as the underwriting guidelines that were in use during each year of the study (2021, 2022, and 2023).
10. Has the Company utilized underwriting guidelines that restrict new business and/or renewals for mobile homes or modular homes? If so, provide an explanation, as well as the underwriting guidelines that were in use during each year of the study (2021, 2022, and 2023).
11. Has the Company utilized underwriting guidelines that restrict new business and/or renewals for roofs that are of a certain age? If so, provide an explanation, as well as the

underwriting guidelines that were in use during each year of the study (2021, 2022, and 2023).

12. Does the company only offer ACV coverage on roofs or is replacement value coverage also offered? Are there any guidelines surrounding when a home does not qualify for replacement value coverage on the roof? Please provide those underwriting guidelines.
13. Has the Company utilized underwriting guidelines that restrict new business and/or renewals due to the age of a home at any time during the study period? If so, provide an explanation as well as the underwriting guidelines that were in use during each year of the study (2021, 2022, and 2023).
14. Has the Company implemented any other underwriting guidelines to restrict exposure to risk in any area of the State during each year of the study (2021, 2022, and 2023)?
15. What are the top 3 reasons for cancellations, other than nonpayment, for each year of the study (2021, 2022, and 2023)?
16. What are the top 3 reasons for nonrenewals, other than nonpayment, for each year of the study (2021, 2022, and 2023)?
17. Please list all of the zip codes within the state of Maryland in which the company has a designated area (even if it is just a partial area like a stretch of coastline) in which it will not write any business.
18. Has the Company increased its' percentage deductibles during any of the years of the study (2021, 2022, 2023, or 2024)? If so, what were the percentage deductibles for each year? Are percentage deductibles applied to wind only or also to additional coverages and/or as the primary policy deductible?
19. Does the Company have mandatory minimum wind deductibles? If so, what are the minimum amounts? Provide documentation.

**EXHIBIT B: ANNUAL ESTIMATES OF THE RESIDENT POPULATION FOR COUNTIES IN
MARYLAND: APRIL 1, 2020 TO JULY 1, 2023⁸**

| County | 2020 - Population Estimate as of April 1, 2020 | 2021 - Population Estimate as of April 1, 2021 | 2022 - Population Estimate as of April 1, 2022 | 2023 - Population Estimate as of April 1, 2023 | Percentage Change from 2020 to 2021 | Percentage Change from 2021 to 2022 | Percentage Change from 2022 to 2023 |
|---------------------------|--|--|--|--|--|--|--|
| Allegany County | 67,960 | 67,687 | 67,266 | 67,273 | -0.40% | -0.62% | 0.01% |
| Anne Arundel County | 589,106 | 592,085 | 593,347 | 594,582 | 0.51% | 0.21% | 0.21% |
| Baltimore County | 853,387 | 850,691 | 845,986 | 844,703 | -0.32% | -0.55% | -0.15% |
| Baltimore City | 583,157 | 576,578 | 569,107 | 565,239 | -1.13% | -1.30% | -0.68% |
| Calvert County | 92,915 | 94,233 | 94,559 | 94,728 | 1.42% | 0.35% | 0.18% |
| Caroline County | 33,270 | 33,429 | 33,427 | 33,593 | 0.48% | -0.01% | 0.50% |
| Carroll County, | 172,941 | 174,313 | 175,472 | 176,639 | 0.79% | 0.66% | 0.67% |
| Cecil County | 103,800 | 104,056 | 104,870 | 105,672 | 0.25% | 0.78% | 0.76% |
| Charles County | 166,741 | 168,927 | 170,111 | 171,973 | 1.31% | 0.70% | 1.09% |
| Dorchester County | 32,530 | 32,594 | 32,583 | 32,879 | 0.20% | -0.03% | 0.91% |
| Frederick County | 272,786 | 280,647 | 287,540 | 293,391 | 2.88% | 2.46% | 2.03% |
| Garrett County | 28,798 | 28,758 | 28,588 | 28,423 | -0.14% | -0.59% | -0.58% |
| Harford County | 261,230 | 263,302 | 263,815 | 264,644 | 0.79% | 0.19% | 0.31% |
| Howard County | 332,814 | 335,328 | 335,366 | 336,001 | 0.76% | 0.01% | 0.19% |
| Kent County | 19,120 | 19,244 | 19,295 | 19,303 | 0.65% | 0.27% | 0.04% |
| Montgomery County | 1,060,904 | 1,056,193 | 1,053,067 | 1,058,474 | -0.44% | -0.30% | 0.51% |
| Prince George's County | 965,365 | 956,451 | 946,980 | 947,430 | -0.92% | -0.99% | 0.05% |
| Queen Anne's County | 50,033 | 50,922 | 51,720 | 52,508 | 1.78% | 1.57% | 1.52% |
| Somerset County | 24,561 | 24,546 | 24,608 | 24,910 | -0.06% | 0.25% | 1.23% |
| St. Mary's County | 113,999 | 114,650 | 114,783 | 115,281 | 0.57% | 0.12% | 0.43% |
| Talbot County | 37,488 | 37,756 | 37,814 | 37,823 | 0.71% | 0.15% | 0.02% |
| Washington County | 154,697 | 155,143 | 155,257 | 155,813 | 0.29% | 0.07% | 0.36% |
| Wicomico County | 103,565 | 104,114 | 104,486 | 104,800 | 0.53% | 0.36% | 0.30% |
| Worcester County | 52,522 | 53,398 | 53,934 | 54,171 | 1.67% | 1.00% | 0.44% |

⁸ Statistics pulled from Census.gov. Annual Estimates of Resident Population for Counties: April 1, 2020 to July 1, 2023. <https://www.census.gov/data/tables/time-series/demo/popest/2020s-counties-total.html>.