



Be sure.

October 29, 2024

Marie Grant, J.D.
Maryland Insurance Administration
St. Paul Plaza
200 St. Paul Place, Suite 2700
Baltimore, MD 21202-2272

Dear Maryland Insurance Commissioner,

On behalf of Deeley Insurance Group and consumers in our market, I am writing to you to share the status of market regarding our clients and the ability to provide them with insurance for their mobile homes in Worcester County. Deeley has been providing insurance for our client's mobile homes for over 25 years, in the last 2+ years we have had quite a few of our carriers leave the market.

The following points outline the current market situation:

- **What we can write:**
 - Mobile homes that are less than 25 years old, subject to underwriting approval

- **What we cannot write:**
 - Mobile homes greater than 25 years old – Admitted or surplus
 - Prior Carriers that would write, started excluding coastal property several years ago
 - Foremost
 - Markel
 - American Modern
 - Lloyds of London

It appears the JIA has the ability to provide an ACV solution for consumers. In addition to being a retail producer, we are also Coverholders with Lloyds of London and a surplus lines broker. In the last 45 days, we have been working with a Lloyds syndicate to develop a non-admitted solution targeting the homes older than 25 years that are within 10 miles of the coast. The morale hazard that exists for a replacement cost option on what is a severely depreciated asset is something Underwriters have not been able to overcome. Based on the replacement cost tools we have utilized, the structures on these properties have exceeded their useful life. It's as if we have a 1975 pick-up truck and we are asking the carrier to replace it with a 2024 model. The value of these real estate transactions are almost exclusively in the land cost.

It seems as if the opportunity to look for a change in policy is on the lending side. Is there an opportunity for the FDIC to view these transactions as land only given the lack of value that exists in the older mobile home? We've spoken to local lenders, and they've indicated that several of these transactions have been funded by other lines of credit as they are \$300k and less in value. Many new owners are replacing these structures with new stick-built construction that is able to be insured.

I appreciate your time and interest in helping our community find a solution for consumers in the market.

Regards,

Laura Deeley Bren
President
Deeley Insurance Group

