



Consumer Federation of America

Testimony to the House Economic Matters Committee

HB 431: Motor Vehicle and Homeowner's Insurance - Use of Claim History in Rating Policies

Position: Favorable

February 5, 2020

Dereck E. Davis, Chair, House Economic Matters Committee
House Office Building Room 231
Annapolis, MD 21401
Cc: Members, Economic Matters

Honorable Chair Davis and Members of the Committee:

The Consumer Federation of America (CFA) supports HB 431 and urges its passage. CFA is an association of more than 250 national, state, and local non-profit consumer organizations that was founded in 1968 to advance the consumer interest through advocacy, research and education. This legislation protects consumers from unnecessary and unfair premium increases to their auto and homeowners insurance policies.

While drivers may reasonably face auto insurance premium increases after causing an accident, they should not be penalized a second time for that accident by facing a rate hike on their homeowners insurance. Similarly, claims against a homeowners insurance policy that may lead to a premium increase, should not impact that customer's auto insurance policy. This bill appropriately reflects and protects the principle that insurance customers should be priced according to their risk of loss related to that coverage. That a homeowner may file a claim after a frozen pipe bursts has no relationship to that person's likelihood of causing an auto accident and should not impact their auto policy at all. The same is true in the converse.

Under this bill, auto claims can inform auto insurance premiums, and homeowners claims can inform homeowners insurance premiums. HB 431 simply ensure that consumers don't get penalized twice for the same loss. Thank you for considering our views on this legislation.

Sincerely,

Douglas Heller, Insurance Expert to Consumer Federation of America



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