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**Testimony of American Property Casualty Insurance Association (APCIA)
Senate Finance Committee
SB 556 Insurance- Products and Service Offerings
February 19, 2020**

Letter of Support

The American Property Casualty Insurance Association (APCIA) appreciates the opportunity to provide written comments in support of Senate Bill 556. APCIA is the primary national trade association for home, auto, and business insurers. Representing nearly 60 percent of the U.S. property casualty insurance market, APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers, with a legacy dating back 150 years. APCIA members represent all sizes, structures, and regions – protecting families, communities, and businesses in the U.S. and across the globe. As insurers seek to provide more value-added services to their customers in the form of technology to reduce risk and provide enhancements there is a need to address how state anti-rebating and inducement laws apply.

Anti-rebating laws, however, originally well intended are a cause of concern, a potential hindrance to socially beneficial innovation. These laws were introduced more than 100 years ago, after the use of rebates threatened the solvency of life insurance companies and raised questions around unfair discriminatory practices. Senate Bill 556 will update the current insurance law regarding anti-rebating to permit an insurer from offering at no charge or at a discounted price products or services that educate or assess or prevent risk of loss or mitigate losses. The bill also permits offering such services that have a nexus to the product or enhance the value of certain life and health products.

The marketplace is demanding simpler and more innovation insurance solutions, including the combination of insurance products with non-insurance products and services in a single offering. These logical, complementary insurance/technological product combinations allow insurers to better tailor products and to address emerging risks to the benefit of consumers. It is critically important to all that state laws and regulations keep pace with these innovative and consumer friendly innovations.

Maryland will join other states that are addressing this issue. Several states have either proposed or taken action to address “value-added” products or services either by legislation, regulation or bulletin.

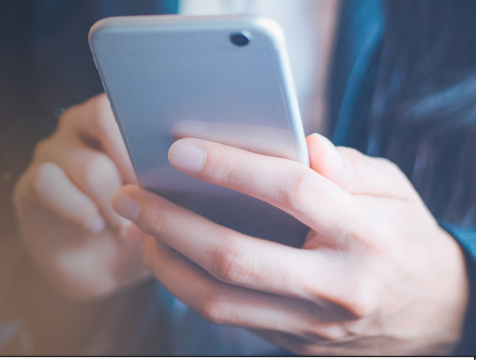
Legislation: AZ, FL, KY, ME, NH, OR, SC, UT, PA *CA anti-rebating laws were repealed in 1987.

Regulation: AL, NJ

Bulletin or Circular Letter: ID, IL, IN, IA, LA, ME, ND, NY, OH, OK, WV

For these reasons, APCIA urges the Committee to provide a favorable report on Senate Bill 556.

Support Modernizing Insurance Rebating Laws



Insurance rebating laws, often crafted in the early 1900s, have fallen behind the times and are now stopping consumers from being offered innovative products and services that are designed to prevent property damage. Simple modifications to existing rebating laws will allow insurers to offer at a discount or for free, products and services that can help consumers learn about, assess, monitor, control or otherwise mitigate their risk of loss.

EXAMPLES OF INNOVATIONS THAT OFFER RISK MITIGATION SERVICES



ENHANCE HOME SECURITY

Portable, wireless home security systems make homes safer and reduce burglaries.



SMART FLOOD DETECTOR

Water leak sensors alert homeowners of potential issues that could cause costly water damage.



PREVENT FROZEN PIPES

Wireless monitor systems report dangerous conditions that could produce property damage.

Updated Rebating Laws could help Consumers Save Money and Reduce Property Losses