



Testimony to the House Economic Matters Committee
HB128: Private Passenger Motor Vehicle Liability Insurance - Enhanced Underinsured Motorist
Coverage - Opt-Out Option
Position: Unfavorable

February 09, 2023

The Honorable C.T. Wilson, Chair
House Economic Matters Committee
Room 231, House Office Building
Annapolis, Maryland 21401
cc: Members, House Economic Matters

Honorable Chair Wilson and members of the committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances financial justice and economic inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are writing today in opposition to HB128.

HB128 seeks to make Uninsured Motorist coverage more robust for drivers by making Enhanced Uninsured Motorist (EUIM) coverage the default option for all auto insurance policies in Maryland. Under current law, carriers must offer EUIM coverage as an option, but a consumer must opt-in to EUIM coverage. The default coverage is Uninsured Motorist (UM) coverage which is significantly less expensive and the more common form of uninsured motorist coverage for Marylanders. Making EUIM coverage the default option and requiring consumers to opt-out from the EUIM option will result in consumers inadvertently purchasing coverage that they do not want or need. This will increase the cost of auto insurance for all Marylanders, including those who can least afford it.

The need to increase coverage for Maryland drivers is unfounded. Maryland has among the highest minimum liability limits in the country and Maryland drivers carry more insurance than drivers in 45 other states.¹ The minimum limited liability limits increased from \$20,000 /\$40,000/\$15,000 to \$30,000/\$60,000/15,000 in 2011 when the General Assembly passed HB825, leading to higher rates for policyholders.²

While Maryland has increased coverage and has passed a number of policies to enforce the law requiring drivers to purchase insurance, the state has done very little to make auto insurance more affordable to enable low-wage workers to comply with the law. Being able to drive significantly improves economic opportunities for low-income Marylanders, and without insurance people are either forced to rely on public transportation or to drive illegally without coverage, driving up costs for everyone.

¹ <https://www.policygenius.com/auto-insurance/car-insurance-required-in-every-state/>

² <https://mgaleg.maryland.gov/mgaweb/legislation/Search/Legislation?target=/2010rs/billfile/HB0825.htm>



We can require that drivers carry insurance, but it is poor public policy if we create a system that can jail someone for failure to carry insurance³, yet does nothing to make sure that low-income drivers can afford to comply with the law.

If EUIM becomes the included coverage option, the average cost of automobile insurance in the state will rise. Many low-income drivers are already struggling to find affordable coverage and this option will likely deter drivers from driving with insurance. It is bad policy to default low-income Marylanders into more expensive insurance policies if we don't have a low-cost outlet for those who cannot afford the current default package of required insurance, let alone changing the default to a costlier product.

Furthermore, Economic Action Maryland is concerned with the lack of consumer notice in the bill. If consumers are defaulted into a more costly policy option, strong consumer protection notice about the change in coverage and the consumer's ability to opt-out must be assured.

For these reasons we oppose HB128 and urge an unfavorable report.

Respectfully,

Isadora Stern
Policy Manager

³ <https://mva.maryland.gov/vehicles/Pages/insurance-uninsured.aspx>