

**IIAMsb171FINOpp2023.pdf**

Uploaded by: Brett Lininger

Position: UNF

# INDEPENDENT INSURANCE AGENTS OF MARYLAND, INC.

DBA BIG I MARYLAND



## House Economic Matters Committee

### House Bill 128

**Position: Unfavorable**

Dear Madame Chairman Wilson and the Members of the Senate Finance Committee,

The Independent Insurance Agents of Maryland (BIGIMD) is the State's oldest trade association of independent insurance agents. It represents 200 independent agencies, which employ over 2000 people in the state. BIGIMD represents independent insurance agents and brokers who present consumers with a choice of policy options from a variety of different insurance companies. These small, medium, and large businesses offer a variety of insurance products – including property, casualty, life, health, employee benefit plans, and retirement products.

BIGIMD opposes Senate Bill 171, entitled Private Passenger Motor Vehicle Liability Insurance – Enhanced Underinsured Motorist Coverage ("EUIM") – Opt-Out Option. This coverage was passed into law during the 2017 legislative session. At that time, it was our contention that the coverage did not appear to provide any discernable benefit to insureds. When the legislature added language to require the insured to make an affirmative election to obtain the coverage (i.e., to opt-in), the BIGIMD was more comfortable with the legislation. Fast forward to today, the uptake of the coverage is quite low which demonstrates our position back then. If consumers see a benefit worth purchasing, they will get it.

Senate Bill 171 would automatically add this benefit to a consumer's policy unless the insured affirmatively elects to remove it (i.e., to opt-out). This creates an unusual situation under Maryland law for personal automobile coverage. The only other coverage offering, of which we are aware, requiring the insured to obtain the coverage unless one opts-out is with limited Personal Injury Protection ("PIP"). One large motivation for this dynamic with limited PIP is it would reduce auto insurance costs in Maryland. We believe to require EUIM motorist coverage unless one opts-out will cause an increase in premium to the consumer.

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As independent insurance agents, our members find the best product and the best price for our clients. Additionally, we find the most appropriate coverage benefits for the specific client. This legislation erodes that ability when it comes to this specific coverage.

As such, we respectfully ask for an unfavorable report on SB 171.

Sincerely,  
Brett Lininger  
Legislative Counsel  
[brett@kresshammen.com](mailto:brett@kresshammen.com)  
443-527-4837

**SB 171\_IAB\_UNF.pdf**

Uploaded by: Bryson Popham

Position: UNF

## Bryson F. Popham, P.A.

Bryson F. Popham, Esq.

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February 7, 2023

The Honorable Melony Griffith  
Chairman, Senate Finance Committee  
3 East, Miller Senate Office Building  
Annapolis, Maryland 21401

RE: Senate Bill 171 - Private Passenger Motor Vehicle Liability Insurance – Enhanced Underinsured Motorist Coverage – Opt–Out Option - UNFAVORABLE

Dear Chair Griffith and Members of the Committee,

Our client, the Insurance Agents and Brokers of Maryland (IA&B), is a trade association comprised of nearly 200 independent agencies, employing between 1,000 and 2,000 licensed Maryland insurance producers, which are located in and doing business throughout the State of Maryland and surrounding states. IA&B wishes to register its opposition to Senate Bill 171, Private Passenger Motor Vehicle Liability Insurance – Enhanced Underinsured Motorist Coverage (EUIM) – Opt–Out Option.

Independent insurance agents, who comprise the membership of IA&B, have an informed view of consumer behavior with respect to the purchase of coverage options under private passenger automobile insurance. The overall cost of the product is, perhaps obviously, the most significant factor. IA&B members, however, also consider the individual needs of policyholders, the risks they may face while operating their vehicles, and the insurance coverages that are responsive to those risks. Agents must balance these and other factors in advising and servicing their clients.

As we informed the Committee last year, IA&B has not heard from its members or others that EUIM should be made a compulsory coverage in any way. We therefore opposed mandatory EUIM coverage last year and the requirement of an affirmative written waiver in Senate Bill 171 provides no meaningful consumer benefit to current Maryland law. Instead, it adds a requirement for a complicated new formula for a waiver.

We direct the Committee’s attention to language on page 3, beginning at line 25 through lines 28. That is an additional requirement under which the insurer, before a waiver is effective, must give the insured “written notice of the nature, extent, benefit and cost of the coverage that is being waived”. That language is virtually impossible to comply with without the opinion of the insured, and in any event would require a significant documentation effort to prove compliance by the agent.

The current law is an example of much better public policy on this issue. It makes the coverage available, so independent agents would include this in their advice to clients at time of purchase. The waiver requirement, as we have heard from independent agents in Pennsylvania (which has such a requirement) is simply a recipe for coverage disputes and

litigation. The Maryland approach is far superior.

For these reasons, IA&B respectfully requests an unfavorable report on Senate Bill 171.

Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink that reads "Bryson Popham". The signature is written in a cursive style with a long, sweeping tail on the final letter.

Bryson F. Popham

cc: Stacey Nicholson

**SB 171\_MAMIC\_UNF.pdf**

Uploaded by: Bryson Popham

Position: UNF

## Bryson F. Popham, P.A.

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February 7, 2023

The Honorable Melony Griffith  
Chair, Senate Finance Committee  
3 East, Miller Senate Office Building  
Annapolis, Maryland 21401

RE: Senate Bill 171 - Private Passenger Motor Vehicle Liability Insurance – Enhanced Underinsured Motorist Coverage – Opt–Out Option - UNFAVORABLE

Dear Chair Griffith and Members of the Committee,

I am writing on behalf of the Maryland Association of Mutual Insurance Companies (MAMIC) in respectful opposition to Senate Bill 171 - Private Passenger Motor Vehicle Liability Insurance – Enhanced Underinsured Motorist Coverage – Opt–Out Option (EUIM).

MAMIC is comprised of 12 mutual insurance companies that are headquartered both in Maryland and in neighboring states. Together, MAMIC members offer a wide variety of homeowners and other insurance products, both personal and commercial, for thousands of Maryland citizens. MAMIC members are a key component of the property and casualty insurance industry that serves Maryland.

A number of MAMIC members offer private passenger automobile insurance policies in the State. As required by statute, these policies offer insureds the option to elect Enhanced Underinsured Motorist Coverage (EUIM). This option has been in place for several years. It is worth noting that both uninsured and underinsured motorist coverage have been required under Maryland law for many more years, and have collectively served to protect Maryland motorists who have been involved in accidents with vehicles having either no insurance or inadequate insurance to cover the loss that has occurred.

Senate Bill 171 proposes to change the requirement that an insurer offer EUIM coverage. Instead, on page 3, beginning in line 21, Senate Bill 171 sets forth a new requirement – that an insured must make “an affirmative written statement waiving the coverage” if the insured does not wish to have the coverage.

This new requirement is a mandated waiver, thus requiring a complicated series of decisions by insureds, insurers and agents who may be involved in the automobile insurance transaction. Even greater complexity is introduced beginning in line 25, where a waiver must, to be valid, also provide “notice of the nature, extent, benefit, and cost of the level of the enhanced underinsured motorist coverage being waived.” It is also worth noting that the nature, extent, and benefit of any coverage being waived is a matter of opinion for the insured, not just the insurer. Furthermore, this language requires notice from the insurer before the waiver is executed. It would require a significant documentation effort by the insurer or agent to prove compliance.

These are significant changes from the current law which, by all accounts, is working well. As we stated in our written testimony on similar legislation last year, if consumers desire to add EUIM coverage, they may easily do so.



We surveyed MAMIC membership and received comments from two carriers that write coverage both in Maryland and in Pennsylvania where a law similar to Senate Bill 171 is in effect. One of our members stated that claims involving EUIM waivers in Pennsylvania are often challenged over the validity of the waiver. Common, everyday situations experienced by insurance consumers have led to such challenges. One example is a waiver form signed by one spouse who is later removed from the policy thus leaving the remaining spouse, who is not a signatory to the waiver. The waiver form is thus invalidated.

Another common example is adding a vehicle to a policy and no waiver form is obtained for the additional vehicle.

One other example that has resulted in a challenge is where an insured changes the coverages on a policy, perhaps to increase liability limits. It is an open question whether such a change is a "purchase" that would require a waiver. The Pennsylvania experience, from the comments of these two insurers doing business in both Pennsylvania and Maryland, is rife with such "form over substance" challenges. It is likely that Maryland would have the same experience as Pennsylvania if this proposal were adopted.

Absent some compelling public policy argument illustrating the need to compel EUIM coverage, of which there is none, the result of enacting this legislation would be to further increase in the cost of a product required by law that is already expensive. The current statutory model of permitting, but not requiring, consumers to elect EUIM coverage was the correct decision in 2017, and remains so today.

For these reasons, MAMIC respectfully requests an unfavorable report on Senate Bill 171.

Very truly yours,

A handwritten signature in black ink, appearing to read "Bryson Popham". The signature is fluid and cursive, with the first name "Bryson" and last name "Popham" clearly distinguishable.

Bryson F. Popham

cc: Jeane A. Peters, President, MAMIC

**SB171\_EconAction\_UNF (2023).pdf**

Uploaded by: Marceline White

Position: UNF



**Testimony to the Senate Finance Committee**  
**SB171: Private Passenger Motor Vehicle Liability Insurance - Enhanced Underinsured Motorist**  
**Coverage - Opt-Out Option**  
**Position: Unfavorable**

February 08, 2023

The Honorable Melony Griffith, Chair  
Senate Finance Committee  
3 East, Miller Senate Office Building  
Annapolis, Maryland 21401  
cc: Members, Senate Finance

Honorable Chair Griffith 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 SB171.

SB171 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.<sup>1</sup> 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.<sup>2</sup>

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.

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

<sup>2</sup> <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 insurance<sup>3</sup>, 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 SB171 and urge an unfavorable report.

Respectfully,

Isadora Stern  
Policy Manager

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

# **EUIM Testimony Unfavorable State Farm.pdf**

Uploaded by: Marta Harting

Position: UNF

**STATE FARM INSURANCE COMPANIES**  
**OPPOSITION TO SB 171/HB128 (PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE**  
**– ENHANCED UNDERINSURED MOTORIST COVERAGE – OPT OUT OPTION)**

SB 171/HB128 would fundamentally change enhanced underinsured motorist (EUIM) coverage from being an optional coverage (one that must be offered to all private passenger motor vehicle insurance applicants, but provided only to those affirmatively elect to purchase the coverage) to being a default coverage (one that is provided all insureds except those that fill out the forms necessary to affirmative decline it).

Under current law, all insurance applicants must be notified in writing of the availability of this coverage and given the option to purchase it if they choose. The Maryland Insurance Administration promulgated the form of the notice that must be provided to applicants and explaining what EUIM coverage is so that applicants can make an informed choice whether to purchase the coverage. If the applicant decides that s/he wants the coverage, the applicant simply checks the box on the form to purchase the coverage and signs the form.

Since the law requiring EUIM coverage to be made available passed in 2017, only 0.5% of State Farm's auto insurance policies include this coverage. Put another way, virtually all – 99.5% - of insurance applicants do not opt to buy this coverage, which costs 123% more than traditional UM coverage on average. Given the overwhelming lack of interest in this coverage, there is no reason to make it the default option. Doing so will result in insureds being provided -- and paying higher premiums for -- coverage that experience has shown they do not want or need.

For more information, please contact Marta Harting ([mdharting@venable.com](mailto:mdharting@venable.com)).

**SB 171 APCIA oppose EUIM FINAL 020823.pdf**

Uploaded by: Nancy Egan

Position: UNF



## Testimony of

### American Property Casualty Insurance Association (APCIA)

#### Senate Finance Committee

### SB 171 Private Passenger Motor Vehicle Liability Insurance – Enhanced Underinsured Motorist Coverage – Opt-Out Option

February 8, 2023

#### Letter of Opposition

The American Property Casualty Insurance Association (APCIA) is a national trade organization representing nearly 60 percent of the U.S. property casualty insurance market. Our members write approximately 55.7 percent of all private passenger auto insurance sold in Maryland. APCIA appreciates the opportunity to provide written comments in opposition to SB 171. APCIA strongly opposes this bill which would change the current system which defaults to “offset” underinsured motorist coverage with “enhanced” underinsured motorist coverage (EUIM) which would increase the costs of insurance for all consumers across the state without a showing of demonstrative need by the consumer. **It automatically converts current auto policies to Enhanced UIM coverage without the consumer’s agreement. Their premiums will automatically go up October 1, 2023, even though they didn’t request this coverage.**

#### Underinsured Motorist Coverage (UIM)

Maryland law requires for private passenger vehicles registered in the state to provide certain minimum coverages which includes uninsured motorist coverage in a limit that is equal to limits provided for bodily injury and property damage under the policy. (Section § 19-509 (e)(2))

Underinsured motorist coverage for bodily injury (UIM-BI) provides reimbursement to the non-at-fault party who is hurt in an accident. If the negligent driver’s liability insurance limits are too low to adequately compensate the victim, the UIM-BI coverage pays for the additional excess. This bill changes Maryland UIM law from a default “offset” definition to an “enhanced” provision. The difference between the two provisions is essentially how an “underinsured” motorist is defined. **However, this change could increase auto insurance costs by two thirds.**

Current law provides that the default coverage provided for UIM is an offset coverage.

- The **Offset** provision works as a **comparison** between the two parties’ insurance coverage: The injured party’s UIM-BI coverage is triggered when the UIM-BI limit exceeds the at-fault driver’s policy liability limit. The maximum amount paid is the difference (offset) between the victim’s UIM-BI limit and the at-fault driver’s liability limit. For example, if the injured party’s UIM-BI limit is \$100,000 and the negligent driver’s liability limit is \$25,000, the victim could collect the difference between \$25,000 from the at-fault driver and injured parties UIM limit of \$100,000, up to \$75,000 more.
- The **Enhanced** provision defines an underinsured motorist in terms of the injured party’s damages. Again, the injured party’s damages must be greater than the at-fault driver’s liability limit. Using the same example, the maximum compensation may equal the injured party’s UIM-BI coverage limit added to the amount of liability coverage from the at-fault driver. The injured



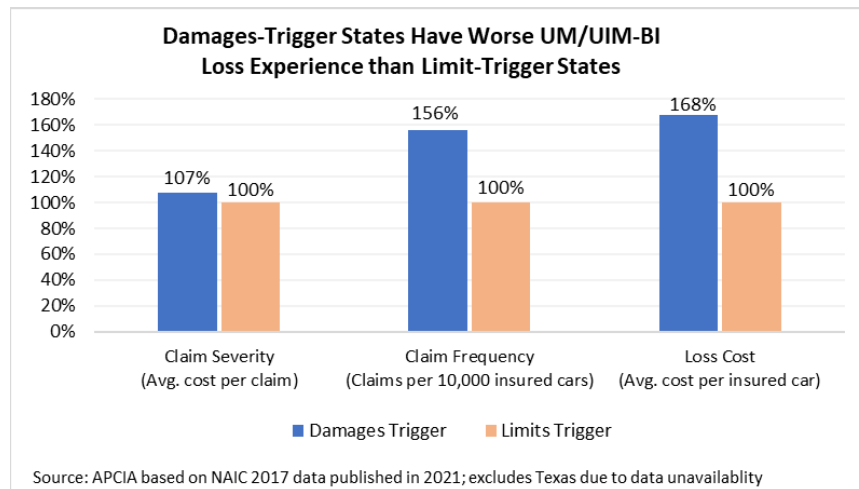
party could collect \$25,000 from the at-fault driver plus an additional \$100,000 under his or her own UIM-BI coverage, or a total of \$125,000.

APCIA’s analysis, using data for uninsured/underinsured motorist coverage for bodily injury (UIM-BI), found that the average loss per insured car in states with an enhanced UIM provision is **two thirds more as much as the average loss per insured car in states with an offset UIM provision.**

### Insured loss comparison of states with offset versus excess UIM provisions.

Using UM/UIM-BI experience compiled by the National Association of Insurance Commissioners (NAIC),<sup>1</sup> a comparison between the enhanced and offset states shows the following:

- On average, enhanced-trigger states compensate over **56 percent more UM/UIM-BI claimants than offset-trigger states.** For every 10,000 insured cars, there are about 24 UM/UIM-BI claims in excess-trigger states compared to approximately 15 UM/UIM-BI claims in offset-trigger states.
- **The average cost of a UM/UIM-BI claim is 7 percent higher in excess-trigger states than in offset-trigger states (\$30,474 – damages vs. \$28,411 – limits).**
- Combining the above claim frequency and average claim cost (i.e., claim severity) together results in a **UM/UIM-BI loss cost<sup>2</sup> that is two thirds larger (68% higher) in excess- trigger states than in offset-trigger states.**



<sup>1</sup> The 26 offset trigger states are: CA, CO, CT, HI, IL, IN, KS, ME, MD, MA, MS, MO, NE, NH, NJ, NM, NY, NC, ND, OH, OR, TN, TX, VT, WV, and WI. The 20 enhanced trigger states are: AL, AK, AZ, AR, DE, DC, FL, ID, IA, KY, LA, MN, MT, NV, OK, PA, SC, SD, UT and WA. The 5 remaining states have the following provisions: GA has a excess trigger default, but policyholders can select a offset trigger default or reject it. VA has similar excess trigger default but policyholders can select offset; RI allows for either a offset or excess trigger. MI & WY have no statutory provisions pertaining to a UIM-BI coverage trigger. APCIA calculations using 2016 NAIC data, the most recent available from the NAIC *Auto Insurance Database Report*, 2020 Ed. Since UIM data alone are not available, UM/UIM data are examined. TX is excluded from calculations due to data limitations from the NAIC source report. NAIC does not endorse any analysis or conclusions based upon the use of its data.

<sup>2</sup> iii Loss Cost is the average claim cost per insured vehicle.

## **Conclusion**

Higher insurance costs are found in enhanced states than in states with offset trigger provisions. While states with an enhanced trigger provide more coverage, **costs two thirds more for insurers and their customers.** Offset triggers and offsets for the at-fault driver's liability limit benefit all policyholders and, as such, should continue to be allowed.

**During this time of continued inflationary pressure and economic uncertainty, keeping costs down for consumers should be the most significant consideration. APCI respectfully urges lawmakers to defeat any legislative bill that proposes to alter the UIM trigger from an offset provision to an enhanced provision in order to protect Maryland consumers from a likely significant increase in auto insurance costs.**

For all these reasons, the APCI urges the Committee to provide an unfavorable report on SB 117.

Nancy J. Egan,

State Government Relations Counsel, DC, DE, MD, VA, WV

[Nancy.egan@APCIA.org](mailto:Nancy.egan@APCIA.org) Cell: 443-841-4174

**SB0171 - MIA - Letter of Information -FINAL.pdf**

Uploaded by: Andrew Tress

Position: INFO

WES MOORE  
Governor  
ARUNA MILLER  
Lt. Governor



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**Date:** February 8, 2023  
**Bill # / Title:** Senate Bill 171 - Private Passenger Motor Vehicle Liability Insurance - Enhanced Underinsured Motorist Coverage - Opt-Out Option  
**Committee:** Senate Finance Committee  
**Position:** Letter of Information (LOI)

Thank you for the opportunity to provide written comments regarding Senate Bill 171 (SB 171), which is cross filed with House Bill 128.

The MIA is concerned that the passage of SB 171 will harm Maryland consumers by creating a coverage default position that forces consumers to accept and pay for a form of uninsured motorist coverage that is not mandated, is very expensive, rarely selected, and not necessary to achieve the financial protection goals that underlie the legislation. At a time when automobile insurance costs are already increasing in response to increases in loss costs, forcing consumers to elect out of the most expensive uninsured/underinsured coverage option will undoubtedly result in even larger rate increases for those who can least afford it.

Maryland law currently requires all private passenger motor vehicle liability policies to have either Uninsured Motorist (UM) or Enhanced Underinsured Motorist (EUIM) coverage.<sup>1</sup> The difference between UM and EUIM coverage is that, in the event of a claim, under UM coverage the coverage limit is reduced by the amount of any available coverage from the at-fault party's insurer, while under EUIM coverage the coverage limit is not so reduced. EUIM is one way to increase the amount of coverage available and it became a mandatory *offering* as a result of legislation passed in 2018.

Under current law, carriers must offer EUIM coverage, and must provide policy purchasers with written notice of their UM and EUIM coverage options. Currently, a consumer must "opt in" to EUIM coverage. The default coverage is UM coverage with the same limits as the policy's liability limits. EUIM is the **most expensive and least chosen** form of the three uninsured motorist coverage options available. It is, however, an available coverage that must be offered to every policy purchaser. Policyholders who desire and can afford to purchase EUIM to obtain more protection against loss or damage caused by an uninsured motorist can readily do so by opting to purchase EUIM. Alternatively, a policyholder can reject EUIM, but choose to purchase higher liability limits, **with the same effect and often at a lower cost than EUIM.**

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<sup>1</sup> UM and EUIM are forms of first-party coverage that protect an insured when a third-party causes an accident, but does not have insurance or enough insurance to cover the bodily injury and/or property damage that they caused. The minimum required limits for UM and EUIM coverage are the same as for liability coverage: \$30,000 per person / \$60,000 per accident for bodily injury and \$15,000 per accident for property damage (30/60/15) or a combined single limit of \$75,000 for bodily injury and property damage per accident. Under current law, if the insured's liability limits exceed the statutory minimum the UM or EUIM coverage is deemed to be the same as the liability limits, unless the named insured has expressly elected lower UM limits.

SB 171 will make EUIM coverage the included or default option for all motor vehicle liability policies issued in Maryland. That includes both new policies and the renewal of existing policies. If the bill passes, all insurance policies will automatically include the higher cost EUIM coverage option, **unless** the applicant or insured affirmatively “opts out” from EUIM. **This will result in consumers inadvertently purchasing coverage that they do not want or need at significant premium increases.** Over the past year, inflation and other economic conditions beyond any consumer’s control have already resulted in significantly higher loss costs for insurers and substantially higher insurance premiums. Creating circumstances in which consumers will inadvertently pay more is not in the interest of those consumers.

During last year’s legislative session, the MIA surveyed 10 of our largest insurance groups that write motor vehicle liability insurance in the state. These groups capture approximately 70% of Maryland’s private passenger automobile insurance market. This research confirmed that in the past 4-plus years since the legislature required insurers to offer the EUIM coverage option, the percentage of policyholders selecting EUIM is very small. Specifically, five of our top 10 market share groups (including the top two) report that EUIM is chosen on less than 1% of policies; three of our top 10 writers report EUIM is chosen less than 2% of the time. It is clear that **there is not a high demand for the EUIM coverage option at this time. That is because many insureds and their insurance advisors do not consider EUIM to be a valuable or cost effective option.**

It is only in the rare instance of a large damages claim caused by an uninsured/underinsured motorist that the purchase of EUIM provides a benefit to the consumer. To illustrate this, we note that a domestic automobile insurer conducted a manual review of over 100 EUIM claims and did not find a single instance where the purchase of EUIM coverage resulted in a higher payment than what would have been paid out under standard UM coverage.

More significantly, the same additional benefit that EUIM provides can typically be purchased by a policyholder at a lower cost than EUIM, by increasing the policy’s liability coverage limit. This method has the dual benefit of saving premium dollars for the insured, while also lowering the frequency of uninsured/underinsured motorist claims.

All 10 surveyed groups reported that EUIM costs significantly more than standard UM coverage. The increased cost of EUIM versus standard UM coverage ranges from 25% to over 123%, resulting in **premium increases** that could range from \$50 to several hundreds of dollars per policy period. If EUIM becomes the included coverage option as called for in SB 171, the average cost of automobile insurance in the state will rise. This is particularly concerning to the MIA, because the motor vehicle liability insurance market is presently experiencing significant upward pressure on loss costs and rates. To the extent that rates rise as a result, the added cost of EUIM coverage will be amplified and even more burdensome.

The MIA believes that consumers should have choices in the market. Current law provides these choices without penalizing those who may be unsophisticated in insurance matters or may find it difficult to understand the nuances of coverage selection forms, particularly in an increasingly digital environment where consumers do not always have the benefit of an insurance producer to explain the available options. **Consumers are best protected by the current law,** which mandates that EUIM be offered, but requires that the consumer affirmatively opt-in to that coverage. This approach assures that the consumer is aware of the enhanced nature and cost of the coverage and has made a choice to incur the additional expense to secure the enhanced coverage. The additional cost that results from carrying limits higher than are necessary to satisfy Maryland’s mandatory minimum coverage requirements should never be incurred by an insured without their full knowledge and consent. **Maryland has long recognized that, in most instances, consumers are best protected by an opt-in process for coverages that exceed required minimums. Default coverage selections should never be the most expensive option available.**

The MIA thanks the Committee for its close attention to this important consumer protection and market conditions matter.