



**Testimony of**  
**American Property Casualty Insurance Association (APCIA)**  
**Senate Budget & Taxation Committee**  
**Senate Bill 1045**  
**March 12, 2025**

**Letter of Opposition**

The American Property Casualty Insurance Association (APCIA) is a national trade organization whose members write approximately 66.9% of the private passenger auto insurance and 82.4% of the commercial auto insurance in the Maryland market. APCIA appreciates the opportunity to provide written comments in opposition to Senate Bill 1045 which will increase claim costs and result in the consumer paying higher premiums.

Senate Bill 1045 would expand the current State sales and use tax law by imposing the tax on various business-to-business services that property casualty insurance companies routinely use, including accounting and payroll services, data and information technology services, marketing services, and heavy truck and bus repairs. Currently, there are 30 property casualty insurance companies domiciled in Maryland and 33 property casualty insurance companies are headquartered here in Maryland.

The new sales tax would make Maryland less competitive and less attractive since insurers' cost of doing business (both through claims and general operating expenses) will be higher. A variety of services utilized by insurers would be taxed under this legislation, which will raise the cost of doing business as well as insurers' claims costs. For example, insurers utilize data and information technology services, which would be subject to tax under this bill, for a number of critical functions, including underwriting, rating, and claims processing. This legislation would also increase claims costs associated with heavy truck and bus repairs at a time when claims costs and expenses are skyrocketing around the country. Likewise, insurers pay for professional services (e.g., accounting) both in the context of claims and general business operations, and these services would be subject to the new tax. In the end, it is the consumer and Maryland businesses who will be paying the additional cost in higher premiums. Higher costs of claims necessarily result in higher premiums for Maryland consumers and businesses, which can lead to more uninsured drivers and higher costs to doing business in Maryland.

For these reasons, the APCIA urges the Committee to provide an unfavorable report on Senate Bill 1045.

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