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200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202
Direct Dial: 410-468-2113
1-800-492-6116 TTY: 1-800-735-2258
www.insurance.maryland.gov

Date:	**February 18, 2026**
Bill # / Title:	**Senate Bill 469 - Maryland Automobile Insurance Fund - Affordability - Purpose of Fund and Authorized Program**
Committee:	**Senate Finance Committee**
Position:	**Letter of Information**

The Maryland Insurance Administration (MIA) appreciates the opportunity to share this Letter of Information relating to Senate Bill 469.

Senate Bill 469 would amend § 20-301 of the Insurance Article to state that offering "affordable rates" to all persons eligible for coverage through the Maryland Automobile Insurance Fund ("Maryland Auto") is part of Maryland Auto's statutory purpose. The bill would also amend § 20-507 of the Insurance Article to authorize Maryland Auto to implement an affordability program that is inconsistent with the provisions of Title 11, Subtitle 2 or 3 of the Insurance Article (including provisions which provide that premium rates may not be inadequate, excessive, or unfairly discriminatory). As explained in detail below, Senate Bill 469, in its current posture, could adversely impact Marylanders who purchase auto insurance on the standard market if Maryland Auto's affordability program does not include adequate rates across Maryland Auto's book of business. The MIA remains committed to working with Maryland Auto and the bill sponsor in an effort to identify mutually agreement on amendments.

Maryland Auto was established by statute to act as the State's insurer of last resort by making auto insurance available to high risk drivers who are unable to obtain it on the standard insurance market. Pursuant to § 20-502(a)(3) of the Insurance Article, in order to be eligible for a Maryland Auto policy, a person must: (i) have attempted in good faith to obtain and been refused a policy that provides the minimum coverage required under State law from at least two private insurers for any reason other than nonpayment of premiums; (ii) had a policy that provides the minimum coverage required under State law canceled or nonrenewed by a private insurer for any reason other than nonpayment of premiums; or (iii) been uninsured for a continuous period of 12 months or more immediately preceding the effective date of the Maryland Auto policy.

Maryland Auto is regulated by the MIA, and the MIA reviews Maryland Auto's premium rates pursuant to the same statutory standards that apply to any other auto insurer's premium rates. Specifically, the MIA reviews Maryland Auto's premium rates pursuant to Title 11, Subtitle 2 or 3 of the Insurance Article to ensure that they are not inadequate, excessive, or unfairly discriminatory. In the event that Maryland Auto's surplus falls below a certain level, Maryland Auto accesses funding through an insufficiency assessment that is paid by all insurers that do business on Maryland's standard auto insurance market (proportionate to market share). Standard insurers are authorized to, and typically do, recoup their share of an assessment from their policyholders via an insufficiency assessment surcharge. As a result of rate inadequacies in its private passenger auto line of business, Maryland Auto's surplus level eroded over the past several years to the extent that it issued an assessment of more than $19.4 million against the standard private passenger auto insurance market in 2025 (based on 2024 operating losses), will definitely assess that market again in 2026 for about $14.9 million (based on 2025 operating losses), and is currently expected to assess that market in 2027 as well (based on 2026 operating losses).

Senate Bill 469 would limit the MIA's authority to review Maryland Auto's private passenger auto insurance rates and explicitly permit Maryland Auto to implement insufficient rates. In turn, the bill as introduced would bring into question MIA's ability to require Maryland Auto to steadily bring its rates back up to adequate levels in order to avoid perpetual assessments on the standard private passenger auto market. Additionally, to the extent that Maryland Auto utilizes inadequate rates pursuant to this bill, it will not be possible for Maryland Auto to meet the minimum surplus requirements that the General Assembly enacted just last year (codified at § 20-306 of the Insurance Article). As a result, consumers insured through the State's standard private passenger auto market will continue to be charged insufficiency assessment surcharges that subsidize rates for Maryland Auto policyholders. Additionally, the MIA expects that this bill will cause the amount of annual insufficiency assessments to increase, depending on action taken by Maryland Auto under the authority granted by the bill.

In its current posture, Senate Bill 469 is not limited to Maryland Auto's private passenger auto line of business. While the MIA does not have any concerns with the adequacy of premium rates that Maryland Auto currently charges for commercial auto policies, this bill would explicitly authorize Maryland Auto to implement inadequate rates for commercial policies as well. Thus, there is a risk that this bill will result in insufficiency assessments that are ultimately passed onto small businesses that purchase commercial auto insurance policies on the standard market.

The MIA thanks the Committee for the opportunity to share this information concerning Senate Bill 469.