



## **Testimony of Maryland Automobile Insurance Fund**

**Date:** February 25, 2026

**Position:** Favorable

**Bill Number:** Senate Bill 637

**Bill Title:** Maryland Automobile Insurance Fund - Fund Producer Minimum Commission – Repeal

The Maryland Automobile Insurance Fund (MAIF) was created in 1973 to provide automobile insurance to Maryland residents that have been turned down by two insurance companies or canceled or non-renewed by one. *Insurance Article §20-301*. As of year-end 2025, Maryland Auto had approximately 30,000 private passenger policyholders.

Policies are placed with Maryland Auto either by a licensed insurance producer, i.e. “Fund Producer”, or purchased online by the policyholder through the Maryland Auto website. Currently, online policies are assigned by Maryland Auto to a Fund Producer who is responsible for servicing the policy and resolving issues as they arise.

Private insurance companies set their own commission rates to be paid to Insurance Producers based on their own business model. There is no statute or regulation that sets a minimum or maximum commission rate for private insurance companies. Maryland Auto is the one exception and is the only automobile insurer in Maryland with a minimum commission established in statute. Current law Insurance Article § 20- 512, sets both a minimum (10%) and maximum (15%) commission rate for Fund Producers.

Maryland Auto is required by law to pay a minimum commission of 10% on all private passenger automobile insurance policies issued through Fund Producers. This hard and fast rule does not allow Maryland Auto any flexibility to pay a smaller commission if warranted.

Senate Bill 637 repeals the 10% minimum commission in Insurance Article § 20-512(a)(1) while maintaining the existing statutory cap of 15%.

This bill does not eliminate producer commissions or diminish the important role producers play in helping Maryland drivers obtain insurance coverage. Instead, it provides Maryland Auto with flexibility to align commission payments with future business practices and operational needs, particularly as more consumers interact directly with insurers through digital platforms.

Providing Maryland Auto with this flexibility allows the Fund to manage its operating expenses more effectively and responsibly. This helps ensure that Maryland Auto can continue providing access to insurance coverage and helps prevent insurance costs from rising beyond what policyholders can reasonably sustain.

For all the above reasons, Maryland Auto requests a Favorable Report on SB 637.

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