

MAIF Written Testimony - SB 637 - FAV.pdf

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Position: FAV



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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Uploaded by: Brett Lininger

Position: UNF

INDEPENDENT INSURANCE AGENTS OF MARYLAND, INC.

DBA BIG I MARYLAND



Senate Finance Committee

Senate Bill 637

Position: Oppose

Dear Chair Beidle, Vice Chair Hayes and the Members of the Senate Finance Committee,

Thank you for the opportunity to submit testimony on Senate Bill 637.

The Independent Insurance Agents of Maryland (DBA BIG I MARYLAND) is the State's oldest trade association of independent insurance agents. It represents 200 independent agencies, which employ over 2000 people in the state. We represent 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.

While we recognize the intent to provide flexibility to the Maryland Automobile Insurance Fund (MAIF) in managing its operations, the bill as drafted grants MAIF broad authority to unilaterally reduce agents' commissions — potentially to zero — without clear standards or oversight.

Our association's members represent independent, locally owned insurance agencies serving consumers across the state. While most of our members do not routinely place a large volume of MAIF business, MAIF policies remain an essential safety net for Marylanders who cannot obtain auto coverage elsewhere. When agents do assist clients with MAIF placements, these transactions typically require significant time and effort. Agents must confirm eligibility, gather documentation, explain MAIF procedures to consumers who may already be in stressful financial or legal situations, and ensure compliance with statutory requirements unique to MAIF.

These responsibilities are not merely administrative; they are consumer-protection functions that help MAIF operate fairly and efficiently. Eliminating or drastically reducing agent compensation would discourage experienced agents from continuing this work, which could ultimately harm consumers who most need knowledgeable guidance to secure basic auto coverage.

**INDEPENDENT INSURANCE AGENTS
OF MARYLAND, INC.**

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IIAM urges the Committee to amend or reject HB 1387 to ensure that MAIF retains authority to manage its operations responsibly while maintaining a fair and consistent framework for agent compensation that reflects the professional effort and public service involved.

We appreciate the opportunity to provide these comments.

Sincerely,

Brett Lininger, Legislative Counsel