

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 125
Economic Matters

Motor Vehicle Insurance - Discrimination in Underwriting and Rating - Use of Gender

This bill prohibits a private passenger motor vehicle insurer from refusing to underwrite, cancel, refuse to renew, rate a risk, or increase the renewal premium of a motor vehicle insurance policy based on the gender of the insured or applicant.

Fiscal Summary

State Effect: Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee in FY 2023; review of additional filings can be handled with existing resources. MIA special fund expenditures increase minimally to the extent the bill results in complaints related to changes in rate making standards. General fund revenues may be affected, as discussed below.

Maryland Automobile Insurance Fund (MAIF) Effect: Although the bill changes the factors that a private passenger motor vehicle insurer may take into consideration to determine premiums, it is not expected to change the total amount of premiums collected by MAIF or any corresponding premium tax revenue attributable to MAIF policies. The bill's requirements can be handled with existing resources.

Local Effect: The bill does not directly affect local governmental operations or finances.

Small Business Effect: Minimal.

Analysis

Current Law: Insurance law does not explicitly address (authorize or prohibit) the use of gender in underwriting or rating a policy by a private passenger motor vehicle insurer but

does include prohibitions and requirements when using other factors to underwrite or rate a policy. For example, a homeowner's insurer or private passenger automobile insurer is prohibited from increasing the premium for an insured who becomes a surviving spouse based solely on the insured's change in marital status. Additionally, a private passenger motor vehicle insurer may not (1) refuse to underwrite, cancel, refuse to renew, or increase the renewal premium based, in whole or in part, on the credit history of an insured or applicant or (2) require a particular payment plan based, in whole or in part, on the credit history of an insured or applicant. However, an insurer may use the credit history of an applicant to rate a new policy of private passenger automobile insurance if the insurer meets other specified requirements.

State Revenues: Title 6 of the Insurance Article imposes a 2% premium tax on each authorized insurance company, surplus lines broker, or unauthorized insurance company that sells, or an individual who independently procures, any type of insurance coverage upon a risk that is located in the State. Revenues accrue to the general fund.

Currently available information indicates that private passenger automobile insurers in the State are uncertain as to what effect the bill has on premiums for private passenger automobile insurance policies. Thus, the direction and extent of any impact on general fund revenues through the premium tax cannot be reliably estimated at this time.

MAIF Fiscal Effect: MAIF advises that it uses gender as a rating factor. Under the bill, on average, annual premiums for 90% of MAIF insureds would increase by 5% or decrease by 5%. The most significant impact would be for (1) single females younger than age 30 with an annual premium increase of approximately 37% and (2) single males younger than age 25 with an annual premium decrease of up to 20%.

Additional Information

Prior Introductions: HB 657 of 2018, a similar bill, received a hearing in the House Economic Matters Committee, but no further action was taken. Its cross file, SB 1059, received a hearing in the Senate Finance Committee, but no further action was taken.

Designated Cross File: None.

Information Source(s): Maryland Insurance Administration; Maryland Automobile Insurance Fund; Department of Legislative Services

Fiscal Note History: First Reader - January 13, 2022
fnu2/jc

Analysis by: Richard L. Duncan

Direct Inquiries to:
(410) 946-5510
(301) 970-5510