

Chapter 786

(Senate Bill 865)

AN ACT concerning

**Workgroup on the Affordability of Private Passenger Automobile Insurance –
Extension and Alteration of Membership and Duties**

FOR the purpose of extending the termination date and altering the membership and duties of the Workgroup on the Affordability of Private Passenger Automobile Insurance; and generally relating to the Workgroup on the Affordability of Private Passenger Automobile Insurance.

BY repealing and reenacting, with amendments,
Chapter 395 of the Acts of the General Assembly of 2025
Section 2 and 3

~~Preamble~~

~~WHEREAS, Chapter 395 of the Acts of the General Assembly of 2025 required the Maryland Insurance Administration to establish a workgroup to study the affordability of private passenger automobile insurance and to report findings and recommendations to the Governor and the General Assembly; and~~

~~WHEREAS, The workgroup submitted its final report on December 22, 2025, which provided extensive background analysis of affordability, rate regulation, and the cost to drivers in the private passenger automobile insurance market; and~~

~~WHEREAS, The report identifies significant disparities in affordability in majority minority and lower income zip codes and acknowledges that geographic and nondriving rating factors may contribute to those disparities; and~~

~~WHEREAS, Despite identifying territorial rating and other nondriving rating factors as key areas of concern, the workgroup did not reach consensus and did not provide specific legislative recommendations to modify or reform the use of territorial rating in Maryland; and~~

~~WHEREAS, On numerous major policy questions affecting affordability, including territorial rating, low cost insurance options, and relief mechanisms for high cost communities, the workgroup recommended only further study and deferred the development of concrete legislative proposals; and~~

~~WHEREAS, The General Assembly finds that additional work is necessary to produce data driven, actionable recommendations that will reduce premiums for Maryland motorists, reduce unjustified geographic and racial disparities, and provide the legislature~~

~~with specific policy options to reform rating practices in the private passenger automobile insurance market; now, therefore,~~

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Chapter 395 of the Acts of 2025

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) (1) The Maryland Insurance Administration shall establish a workgroup to study:

(i) the affordability of private passenger automobile insurance in the State, including factors that contribute to premium rate increases and trends in rate increases;

(ii) policy options to provide greater transparency regarding automobile insurance premiums and to increase the affordability of automobile insurance in the State;

(iii) ways in which the term “affordability” has been or may be defined in the context of the establishment of private passenger automobile insurance premium rates;

(iv) methodologies by which affordability can be considered in establishing private passenger automobile insurance rates consistent with rate making principles codified in the Insurance Article; and

(v) the current financial status of private passenger automobile insurers in the State and potential options to address excess profits.

(2) In conducting the study under paragraph (1) of this subsection, the workgroup shall seek and consider input from relevant stakeholders, including the reinsurance industry.

(3) (I) ~~THE SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,~~ THE WORKGROUP SHALL DEVELOP, THROUGH A PROCESS INVOLVING RECORDED VOTING, DATA-DRIVEN, CONCRETE LEGISLATIVE RECOMMENDATIONS TO REDUCE PREMIUMS, INCLUDING SPECIFIC RECOMMENDATIONS REGARDING THE USE OF TERRITORIAL RATING AND OTHER RATING FACTORS THAT MAY CONTRIBUTE TO DISPARATE IMPACTS.

(II) IN DEVELOPING THE SPECIFIC RECOMMENDATIONS REGARDING THE USE OF TERRITORIAL RATING AND OTHER RATING FACTORS

UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE WORKGROUP SHALL CONSIDER THE IMPACT OF ANY MODIFICATIONS OR ALTERNATIVE RATING APPROACHES ON RATES ACROSS THE STATE.

(b) The workgroup consists of the following members:

(1) one member of the Senate of Maryland who is a member of the Finance Committee, appointed by the President of the Senate;

(2) one member of the House of Delegates who is a member of the [Economic Matters] **JUDICIARY** Committee, appointed by the Speaker of the House;

(3) the Maryland Insurance Commissioner or the Commissioner's designee;

(4) the Executive Director of the Maryland Automobile Insurance Fund, or the Executive Director's designee; and

(5) the following members, appointed by the chair of the workgroup:

(i) one representative of an automobile insurer or automobile insurer trade association;

(ii) one representative of a consumer advocacy group that is active in the area of automobile insurance; [and]

(iii) one representative of private passenger automobile insurance producers in the State; ~~AND~~

(IV) ONE REPRESENTATIVE OF THE NATIONAL ASSOCIATION OF MUTUAL INSURANCE COMPANIES;

(V) ONE ACTUARY WHO IS A MEMBER OF THE AMERICAN ACADEMY OF ACTUARIES; AND

~~(IV)~~ **(VI) TWO REPRESENTATIVES OF A NONPROFIT RESEARCH OR CONSUMER ADVOCACY ORGANIZATION WITH DEMONSTRATED EXPERTISE IN AUTOMOBILE INSURANCE RATING PRACTICES AND AFFORDABILITY.**

(c) The Maryland Insurance Commissioner or the Commissioner's designee shall chair the workgroup.

(d) **(1)** On or before January 1, 2026, the workgroup shall report its findings and recommendations to the Governor and, in accordance with § 2-1257 of the State Government Article, the General Assembly.

(2) ON OR BEFORE JANUARY 1, 2027, THE WORKGROUP SHALL SUBMIT AN UPDATED REPORT OF ITS FINDINGS AND RECOMMENDATIONS THAT INCLUDES THE RECOMMENDATIONS REQUIRED UNDER SUBSECTION (A)(3) OF THIS SECTION TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2025. Section 2 of this Act shall remain effective for a period of [1 year] **2 YEARS** and, at the end of June 30, [2026] **2027**, Section 2 of this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2026.

Approved by the Governor, May 26, 2026.