

# SENATE BILL 865

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By: **Senator A. Washington**

Introduced and read first time: February 6, 2026

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 1, 2026

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

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

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

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

### Preamble

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

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



~~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

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

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

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

12 (II) IN DEVELOPING THE SPECIFIC RECOMMENDATIONS  
13 REGARDING THE USE OF TERRITORIAL RATING AND OTHER RATING FACTORS  
14 UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE WORKGROUP SHALL  
15 CONSIDER THE IMPACT OF ANY MODIFICATIONS OR ALTERNATIVE RATING  
16 APPROACHES ON RATES ACROSS THE STATE.

17 (b) The workgroup consists of the following members:

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

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

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

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

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

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

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

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

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

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

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

8 (c) The Maryland Insurance Commissioner or the Commissioner’s designee shall  
9 chair the workgroup.

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

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

18 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
19 1, 2025. Section 2 of this Act shall remain effective for a period of [1 year] 2 YEARS and, at  
20 the end of June 30, [2026] 2027, Section 2 of this Act, with no further action required by  
21 the General Assembly, shall be abrogated and of no further force and effect.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
23 1, 2026.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.