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February 15, 2021

The Honorable Delores G. Kelley  
Chair, Senate Finance Committee  
3 East, Miller Senate Office Building  
Annapolis, MD 21401

RE: Senate Bill 552 - Motor Vehicle Insurance Use of Credit History Rating Policy - UNFAVORABLE

Dear Chair Kelley, Senator Young and Members of the Senate Finance Committee,

I am writing on behalf of my client, Agency Insurance Company of Maryland (AIC) in opposition to Senate Bill 552 - Motor Vehicle Insurance Use of Credit History Rating Policy. AIC was founded in 1989 and has always been a Maryland domiciled insurer. Its core business has been private passenger automobile insurance in its home state. Maryland always has been, and continues to be, its largest market.

It is difficult for small insurers like AIC to compete successfully with much larger, national companies in the car insurance business. Notwithstanding that challenge, AIC is proud of its consistent record of job creation and organic growth, both in Maryland and our neighboring states of Pennsylvania and Virginia.

Car insurance is a commodity business, meaning that its price is of paramount importance to the consumer who must buy it. Insurance itself is a difficult product for a seller to price, because the ultimate price of an insurance policy depends on losses that may occur in the future. For a small insurer like AIC, they must get the price right the first time.

Rating factors are used to accurately price car insurance. Credit based insurance scoring (CBIS) is a highly predictive rating factor, objectively measuring each individual's commitment to responsible behavior. That is why CBIS is used in the overwhelming majority of states throughout the country.

CBIS was almost eliminated in Maryland in 2002. Instead, the Maryland General Assembly decided to create one of the most comprehensive (and toughest) credit scoring laws in the country. We have lived with that law for nearly 20 years. It has served Maryland consumers well, bringing predictability to our rate-making process, and it permits small companies like AIC to continue to compete and grow.

Very truly yours,



Bryson F. Popham

cc: The Honorable Ronald N. Young  
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