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The Honorable C.T. Wilson
Chairman, House Economic Matters Committee
Room 231, House Office Building
Annapolis, Maryland 21401

RE: House Bill 436- Motor Vehicle Insurance - Use of Credit History Rating Policy - UNFAVORABLE

Dear Chairman Wilson, and Members of the Committee,

My client, the Insurance Agents and Brokers of Maryland (IA&B), wishes to register its opposition to House Bill 436. IA&B is a trade association of approximately 200 independent insurance agencies, each with a number of licensed Maryland insurance producers, located and doing business in Maryland. Private passenger automobile insurance is a key offering of IA&B members through the companies they represent.

From the beginning of the debate on the use of credit based insurance scoring (CBIS) in 2002, IA&B progressed from skepticism to a firm belief in the accuracy and fairness of CBIS as a rating factor. More important, IA&B members recognize a phenomenon that may not be evident to the members of this Committee. That is the competitive automobile insurance market that exists today in Maryland. It is true that automobile insurance is expensive. It would be much more expensive if CBIS were banned, and Maryland would have fewer insurers to compete for business.

CBIS is used in almost every state, and, by setting prices more accurately, it also encourages insurers to take on more risk. That tendency, in turn, pushes automobile insurance prices downward.

IA&B is well aware of the serious problems caused in Washington state by the Insurance Commissioner's ban of credit. We urge the Committee to become familiar with the facts of that problem. If you do, you will conclude that we do not wish to have a similar situation here in Maryland.

For these reasons, IA&B respectfully requests a unfavorable report on House Bill 436.

Very truly yours,



Bryson F. Popham