

# INDEPENDENT INSURANCE AGENTS OF MARYLAND, INC.

DBA BIG I MARYLAND



## House Economic Matters Committee

### House Bill 436

**Position: Unfavorable**

Dear Chairman Wilson and the Members of the House Economic Matters Committee,

The Independent Insurance Agents of Maryland (IIAM) is the State's oldest trade association of independent insurance agents. It represents 200 independent agencies, which employ over 2000 people in the state. IIAM represents independent insurance agents and brokers who present consumers with a choice of policy options from a variety of different insurance companies. These small, medium, and large businesses offer a variety of insurance products – including property, casualty, life, health, employee benefit plans, and retirement products.

IIAM opposes House Bill 436, entitled Motor Vehicle Insurance – Use of Credit History Rating Policy. Underwriting factors associated with private passenger automobile insurance has long been a topic of conversation before the legislature. While on its face, it may seem like the right thing to do, there are unintended consequences when an insurer's ability to use underwriting factors are limited.

House Bill 436 seeks to prohibit an insurer from underwriting, canceling, refusing to renew a risk based in whole or in part, on the credit history of an applicant or insured. Additionally, it would prohibit an insurer from rating a risk, in whole or in part, on the credit history of an applicant or insured in any manner, including 1. the provision or removal of a discount; 2. Assigning the insured or applicant to a rating tier; or 3. Placing an applicant or insured with an affiliated company. As data analytics have come into being, insurer's have been able to implement very sophisticated algorithms to determine the appropriate premium to charge an insured. No one factor is used for these algorithms and no one insurer uses the same set of factors in the same way. The by-product of this dynamic is that Maryland has a very competitive and vibrant insurance market which provides consumers a huge number of choices when purchasing private passenger automobile insurance. Once one factor becomes

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prohibited, another one follows and so on. Before long, the ability to appropriately underwrite risk becomes inhibited and the healthy competitive market dries up, as has happened in other jurisdictions.

As independent insurance agents, our members find the best product and the best price for our clients. We know which carrier provides the best service for the best value that fits our clients' specific needs.

As such, we respectfully ask for an unfavorable report on HB 436.

Sincerely,

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