



Coalition Against
Insurance Fraud



American Property Casualty
Insurance Association
INSURING AMERICA apci.org



MRA

Maryland Retailers Association



February 8, 2022

Dear Members of the Maryland General Assembly:

We write to you in support of House Bill 487, legislation that would establish some basic consumer protections for our nation's motor carriers and truck drivers that are involved in a nonconsensual tow in Maryland. We appreciate your consideration of this important issue.

When a big truck is involved in an accident, generally a towing company is dispatched by the Maryland State Police (MSP) as part of their effort to aid those involved and protect both lives and property. These are referred to as "nonconsensual tows." Currently, neither the MSP nor Maryland law provide any consumer protections to address longstanding abusive practices used by fraudulent towing companies engaged in nonconsensual towing.

Unfortunately, there are far too many examples of towing companies that charge excessive rates, in some cases inflating their invoices by tens of thousands of dollars. In short, they can charge whatever they want because there is nothing that says they can't, nor is there any practical or meaningful recourse for a motor carrier, truck driver, insurer, or any other entity that is directly or indirectly impacted by a fraudulent towing company.

These inflated bills are submitted to insurance carriers for payment and when an insurance carrier rightfully refuses to pay, it drives a wedge between the policyholder (motor carrier, truck driver, or both) and their insurer when neither have done anything wrong. Or, by illegally asserting a lien on the truck, trailer, and/or cargo, many of these towing companies can effectively coerce carriers, drivers and insurers to pay their outrageous charges.

HB487 does the following:

1. Defines nonconsensual tow to include all Maryland State Police dispatched tows;
2. Requires the Maryland State Police to establish approved rates, similar to what the Maryland Transportation Authority already has in place;
3. Prohibits the use of per pound billing, which is a method of billing based on the registered weight of a vehicle, not the actual weight of the vehicle or the work that was performed;

4. Gives vehicle owners and operators an option to choose their own towing company if it can be done safely and within a reasonable amount of time;
5. Clarifies existing law by restating that there is no lien created on any equipment, vehicle, or cargo as a result of a nonconsensual tow; and
6. Establishes a comprehensive complaint process to ensure that towing companies charge fair and equitable rates for the service they provide.

Despite our good faith efforts over the last several years working directly with the towing industry and the MSP, we have been unable to address any of our concerns. Our members – and ultimately Maryland consumers – deserve basic protections from unscrupulous towing companies that have been exploiting the system for decades. This legislation accomplishes that and it was written with our shared goal of minimizing the impact these new protections would have on reputable towing companies in Maryland.

Our coalition represents tens of thousands of businesses involved in trucking and insurance. We hope HB 487 will be approved by the Maryland General Assembly and signed into law by Governor Hogan as soon as possible so we can begin what will be a relatively lengthy, transparent, and fair process to implement these necessary consumer protections.

Respectfully,

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