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January 25, 2022

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

RE: Senate Bill 301 - Private Passenger Motor Vehicle Liability Insurance – Enhanced Underinsured Motorist Coverage – Opt–Out Option - UNFAVORABLE

Dear Chairman Kelley and Members of the Senate Finance Committee,

I am writing on behalf of the Maryland Association of Mutual Insurance Companies (MAMIC) in respectful opposition to Senate Bill 301 - Private Passenger Motor Vehicle Liability Insurance – Enhanced Underinsured Motorist Coverage – Opt–Out Option.

MAMIC is comprised of 12 mutual insurance companies that are headquartered both in Maryland and in neighboring states. Together, MAMIC members offer a wide variety of homeowners and other insurance products, both personal and commercial, for thousands of Maryland citizens. MAMIC members are a key component of the property and casualty insurance industry that serves Maryland.

A number of MAMIC members offer private passenger automobile insurance policies in the State. As required by statute, these policies offer insureds the option to elect Enhanced Underinsured Motorist Coverage (EUIM). This option has been in place for several years. It is worth noting that both uninsured and underinsured motorist coverage have been required under Maryland law for many more years, and have collectively served to protect Maryland motorists who have been involved in accidents with vehicles having either no insurance or inadequate insurance to cover the loss that has occurred.

This system worked well for the benefit of consumers before the addition of EUIM in 2017. It continues to work well today. There has been no evidence since enactment that consumers have been, in any way, disadvantaged by this combination of coverages that protects them. If consumers desire to add EUIM coverage, they may easily do so. It is also worth noting that there has been no statement from the Maryland Insurance Administration indicating the need for a policy change with respect to EUIM.

Senate Bill 301 seeks to enact just such a policy change. It would reverse the agreement made among legislators and stakeholders in 2017 to add this coverage to the menu of available insurance coverages for Maryland insurance consumers. Instead, it would require all consumers to purchase the coverage, unless they affirmatively reject – “opt out” of – the obligation to do so.

This new mandate would result in needless additional expense for the many insureds who, for a variety of reasons, may not have the opportunity to carefully review their options. These consumers would simply pay the new, additional premium for EUIM coverage that they did not previously elect to have.

Absent some compelling public policy argument illustrating the need to compel EUIM coverage, of which there is none, the result of enacting this legislation would be to further increase in the cost of a product required by law that is already expensive. The current statutory model of permitting, but not requiring, consumers to elect EUIM coverage was the correct decision in 2017, and remains so today.

For these reasons, MAMIC respectfully requests an unfavorable report on Senate Bill 301.

Very truly yours,

A handwritten signature in black ink, reading "Bryson Popham". The signature is written in a cursive style with a long, sweeping tail on the "m".

Bryson F. Popham

cc: Bob Glass