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January 29, 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,

Our client, the Insurance Agents and Brokers of Maryland (IA&B), is a trade association comprised of nearly 200 independent agencies, employing between 1,000 and 2,000 licensed Maryland insurance producers, which are located in and doing business throughout the State of Maryland and surrounding states. IA&B wishes to register its opposition to Senate Bill 301, Private Passenger Motor Vehicle Liability Insurance – Enhanced Underinsured Motorist Coverage (EUIM) – Opt–Out Option.

IA&B understands that opposition to Senate Bill 301 has been raised because it takes a previously optional insurance coverage and makes it mandatory, unless a policyholder decides to “opt out” of the requirement. IA&B agrees that such a decision is unwise public policy and would likely result in the purchase of this coverage by insurance consumers who have not elected to do so since EUIM was first available in 2017.

Independent insurance agents, who comprise the membership of IA&B, have an informed view of consumer behavior with respect to the purchase of coverage options under private passenger automobile insurance. The overall cost of the product is, perhaps obviously, the most significant factor. IA&B members, however, also consider the individual needs of policyholders, the risks they may face while operating their vehicles, and the insurance coverages that are responsive to those risks. Agents must balance these and other factors in advising and servicing their clients. IA&B has not heard from its members or others that EUIM should be made a compulsory coverage in any way. Conversely, IA&B members consult with clients on such common coverage options as suitable limits of liability, deductibles for comprehensive and collision coverage on different vehicles, and other options. EUIM is one of the options that may be considered. It is a tool that both agents and their clients may use if deemed appropriate.

If the statutory formula changes from the current practice of electing EUIM coverage to a formula which mandates its purchase unless expressly rejected, many insureds would simply pay the additional premium without evaluating the need for the coverage. This prospect was considered when the EUIM legislation was before the General Assembly in 2017, and the policy decision at that time was to allow the insured to make the decision whether to purchase EUIM coverage. The General Assembly made the correct decision in 2017, and there is no need to change it today.

For these reasons, IA&B respectfully requests an unfavorable report on Senate Bill 301.

Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink that reads "Bryson Popham". The signature is written in a cursive style with a long, sweeping tail on the final letter.

Bryson F. Popham