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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 1001 - Baltimore City - Workforce Development Automobile Insurance Subsidy Program
UNFAVORABLE

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

I am writing on behalf of our client, the Maryland Association of Mutual Insurance Companies (MAMIC) in respectful opposition to House Bill 1001.

MAMIC is comprised of 12 mutual insurance companies that are headquartered in Maryland and neighboring states. Approximately one-half of our members are domiciled in Maryland, and are key contributors and employers in our local communities. Together, MAMIC members offer a wide variety of insurance products and services and provide coverage for thousands of Maryland citizens.

MAMIC and its constituent members acknowledge that inflation has imposed substantial additional costs on private passenger automobile insurance in Maryland and elsewhere. We note that such inflation is part of a larger economic phenomenon in the United States in which the costs of many products and services have risen dramatically over the past several years. The problem is so serious that our Federal Reserve Board has, at the national level, embarked upon a series of interest rate increases intended to combat inflation.

Affordability has always been an issue in the purchase of private passenger automobile insurance, especially since such coverage became compulsory in the State in 1973. Many factors help drive the increasing cost of automobile insurance, including recent macroeconomic trends such as inflation and higher replacement costs for vehicles, along with longer term trends involving litigation impacting the private passenger automobile insurance consumers. The insurance industry does not control macroeconomic trends or other factors but endeavors to spread the risk among all consumers of private passenger automobile insurance. This action, along with having approximately 140 licensed automobile insurers in the State competing for the business of consumers allows such consumers to seek the lowest offered premium.

House Bill 1001 introduces a new element in the effort to make private passenger automobile affordable. It creates the Baltimore City Workforce Development Automobile Insurance Subsidy Program. The bill, further, limits subsidy eligibility to individuals who are Baltimore City residents, who have graduated from a vocational training program and

who are at least 19 years old. To our knowledge a subsidy program has not been used for private passenger automobile insurance in Maryland.

While MAMIC members applaud the spirit of the bill, MAMIC members believe that providing subsidies for eligible individuals under House Bill 1001 is not the best way to address automobile affordability, but instead suggest that other ideas that have emerged from studies performed on the topic of automobile insurance affordability, such as enhanced enforcement of our compulsory automobile insurance laws and disincentives for driving without insurance, would be appropriate subjects for legislative attention, because such changes might benefit all Maryland consumers. Other ideas, such as limiting the availability of noneconomic damages to uninsured drivers, should also be considered as, again, such limitations would positively impact the affordability of personal automobile insurance for all. Affordability is a subject that should be of constant concern to public officials who make the laws requiring our citizens to carry private passenger automobile insurance.

Very truly yours,

A handwritten signature in cursive script, reading "Bryson Popham".

Bryson F. Popham