

Bryson F. Popham, P.A.

Bryson F. Popham, Esq.

191 Main Street
Suite 310
Annapolis, MD 21401
www.papalaw.com

410-268-6871 (Telephone)
443-458-0444 (Facsimile)

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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 355 - Baltimore City Lifeline Low-Cost Automobile Insurance Program - UNF

Dear Chair Wilson and Members of the Committee,

On behalf of the Insurance Agents and Brokers of Maryland (IA&B), we respectfully request an unfavorable report on House Bill 355. 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.

The idea of low-cost automobile insurance is not new. It has appeared in Maryland in previous legislation. While IA&B appreciates the fact that automobile insurance is an expensive product, the provisions in House Bill 355 will do nothing to address the underlying reasons for the high cost of automobile insurance.

As we have testified before the Economic Matters Committee in years past, the subject of affordability with respect to automobile insurance is an important public policy issue. For the insurance agents who comprise the membership of IA&B, we need insurance that our clients can afford. We have always supported efforts by the General Assembly to address affordability. Cost drivers are multiple; however, we wish to advise the Committee that an important influence in reducing the cost of automobile insurance is simple. It is competition. While the cost of automobile insurance in Maryland is high, we also have a significant number of private insurers competing for business. We need that competition, and we should encourage even more competition. Respectfully, well-meaning formulas such as that contained in House Bill 355, as stated above, will not alleviate this problem. Only a thoroughgoing analysis of the factors driving cost can lead to meaningful government action.

That said, it is reliably estimated that 10% or more of vehicles operating on Maryland roads today are uninsured, even though we have had a compulsory automobile insurance law since 1972. That is a hazard to all of us. It is a subject that should be addressed, in detail, by those who shape our public policy. Should the General Assembly wish to undertake such an analysis, the members of IA&B will gladly participate.

Meanwhile, while we applaud the motives of the sponsor of House Bill 355, and its supporters, we must respectfully request an unfavorable report on this legislation. Thank you for your consideration.

Very truly yours,



Bryson F. Popham

cc: Stacey Nicholson