

Tony Morgan, Chief Executive Officer of Check Claims, LLC
Testimony before the Economic Matters Committee for the Maryland House of Delegates
Maryland Insurance Administration's
Study on Diminished Value Within the Automobile Industry

Good afternoon, esteemed members of the Economic Matters Committee for the Maryland House of Delegates.

My name is Tony Morgan, Chief Executive Officer of Check Claims, LLC, a company that represents the public interest and ensures that Marylanders receive fair compensation for their diminished value claims. I am here to support the proposed study by the Maryland Insurance Administration (MIA) on Maryland's insurance companies' practices with respect to diminished value claims. However, I also want to raise my concerns about the MIA's unfairness towards consumers and their bias in favor of Maryland auto insurance carriers, which has resulted in consumers receiving less compensation than they are entitled to. Showing favoritism towards Maryland insurance carriers by the MIA is contrary to the public interest and the original purpose for which this legislative body created the administration.

Specifically, I urge that the proposed study address several key issues related to diminished value claims in Maryland's insurance industry. The first is the MIA's unfairness in forcing consumers to hire lawyers while not allowing them to be represented by non-lawyer advocates. Meanwhile, insurance companies are allowed to be represented by non-lawyer advocates. This practice puts consumers at a disadvantage and can be a significant financial burden. By eliminating this requirement, the MIA can ensure that consumers are treated fairly and equitably. It also creates an unfair disadvantage for consumers, and the study should recommend a regulation that prohibits this practice.

The second issue is the insurance companies' application of arbitrary caps to diminished value claims that may be far less than the real loss sustained. These arbitrary caps seem to not be grounded in any legal or industry standard, resulting in reduced payments for diminished value claims made by claimants. By examining each case based on a set of uniform standards, the insurance company can avoid using unique facts to deny claims, which can lead to fairer compensation for claimants. The proposed study should address this issue and recommend a regulation that forbids this activity.

It is essential that the MIA re-examine its administrative ruling, *Charles Furlong v. State Auto Insurance Company*, which was previously used as a benchmark for investigating diminished value complaints. The lack of consistent application has resulted in regulatory ambiguity for both insurance carriers and consumers, leading to a higher probability of complaints being filed. Therefore, it is imperative that the MIA revisits this ruling to alleviate confusion and promote consistency in handling diminished value claims.

The proposed study should also focus on key players in Maryland, such as State Farm and USAA, and their potential negative impact on public welfare. Ongoing monitoring and regulation are necessary to ensure that insurance companies conduct business in an ethical and transparent way, and that the citizens of Maryland are safeguarded against any wrongful practices.

The study must prioritize the identification and resolution of barriers that negatively affect the public rather than favoring insurance companies. These barriers include the failure to recognize the existence

of diminished value losses and the lack of a transparent process for evaluating and determining such losses.

The proposed study should investigate the MIA's overreach in creating regulations that deny the public its due process and its impact on the ability of claimants to receive just compensation for diminished value. The study should also address how the MIA can prevent false issues of standing from preventing hearings that complainants are entitled to, ensuring that claimants are not denied their right to a prompt and fair hearing. To ensure best practices for diminished value recovery are considered, the study ought to encompass an evaluation of Georgia's Administrative and Legal Framework.

Lastly, the MIA should engage in meaningful consultation with consumer advocates and other stakeholders to ensure that the study is conducted in a transparent and open manner. The MIA should listen to the concerns and experiences of consumers and be willing to recommend steps that might be against their traditional process.

Thank you for your time and consideration. I am pleased to answer any of your questions.