



MARYLAND
AUTO INSURANCE
TESTIMONY – SENATE BILL 816

Date: March 15, 2023

Position: Informational

Bill Number: Senate Bill 816

Bill Title: Motor Vehicle Insurance – Rate Filing – Trade Secrets and Factors Used to Establish Rates

Senate Bill 816 Review and Analysis

Senate Bill 816 provides that an insurer, including Maryland Automobile Insurance Fund (MAIF), may not use more than five territories in establishing automobile insurance rates. MAIF has used territory rating to determine premiums for decades as location is an important actuarial factor in evaluating risk and predicting claims. If territory rating was limited to five territories, MAIF rates would increase on average by +4.9% for 53% of our policyholders and decrease by -4.6% for 47% of our policyholders. The breakdown by region, on average, would be as follows:

| REGION | % Change in Average Premium |
|---|------------------------------------|
| Baltimore Metropolitan Area | -3.4% |
| Northeastern Maryland | +2.6% |
| Eastern Shore | +5.8% |
| Southern Maryland & Anne Arundel County | +0.1% |
| Western Maryland | +1.9% |
| Montgomery & Howard Counties | +0.5% |
| Prince George's County | +0.4% |

Senate Bill 816 would affect, both positively and negatively, the cost of insurance for policyholders of MAIF.

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