



March 13, 2023

The Honorable Melony Griffith  
Chair, Senate Finance Committee  
3 East, Miller Senate Office Building  
Annapolis, MD 21401

RE: Senate Bill 816 - Motor Vehicle Insurance - Rate Filings - Trade Secrets and Factors Used to Establish Rates  
UNFAVORABLE

Dear Chair Griffith 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 816.

Independent insurance agents provide their clients a variety of insurance products through different insurance companies. These companies (insurers) compete for business, and competitive insurance rates are an important component of the services that agents offer their clients. For automobile insurance, insurers have available a number of different rating factors that are included in their individual rating plans. A standard factor – one that has been used for nearly 100 years – is territory. This one word description means that automobile insurance rates are dependent on where the automobile is kept – usually the residence of the insured.

The territory factor has been examined by numerous insurance regulators and is proven to be an accurate and fair tool to estimate the propensity for future losses. It is these future losses on which insurance rates are based, and it is loss experience that provides the hard data for those rates.

Most insurers have several dozen or more territorial rating factors in use in the State of Maryland. Arbitrarily reducing the total number of territories to five, as contemplated in Senate Bill 816, will simply have the effect of unfairly subsidizing some policyholders at the expense of others. It is the task of the Maryland Insurance Commissioner to examine automobile insurance rating plans, including territory, and to require that such plans meet the fundamental rating principals under Maryland law that rates cannot be excessive, inadequate or unfairly discriminatory.





Insurance Agents  
& Brokers

If the Committee believes that the use of territory should be curtailed as proposed in Senate Bill 816, it should first consult with the Maryland Insurance Administration to ascertain the detailed analysis undertaken by the Administration of the use of territory and other rating factors. Enacting Senate Bill 816 without regulatory support would be unwise and harmful to Maryland insurance consumers.

For these reasons, IA&B respectfully requests an unfavorable report on Senate Bill 816.

Thank you for your consideration.

Very truly yours,

Chairman, IA&B Legislative Committee

Stacey Nicholson  
IA&B Legislative Committee Chair

cc: John Savant  
Claire Pantaloni  
Bryson Popham

