



Testimony to Senate Finance Committee
HB1482 Insurance-MAIF-Uninsured Driving Penalties
Position: Unfavorable

The Honorable Pam Beidle, Chair
Senate Finance Committee
3 East, Miller Senate Office building
Annapolis, MD 21401
cc: Members, Senate Finance Committee

March 26, 2024

Chair Beidle and Members of the Committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances economic rights and equity for Maryland families through research, education, direct service, and advocacy. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are writing today in opposition to HB1482.

HB1482 will increase the fines and penalties for driving without insurance from \$150 to \$200 for the initial fine, raise the daily fine from \$7 to \$10, and raise the cap on fines annually by \$1000 from \$2500-\$3500 a year.

A portion of the increased penalties will provide MAIF with more than \$2,00,000 in FY 24 and \$2,500,000 in FY 25.

Fines and fees levied on low-income drivers should not be used as a mechanism to provide additional funding for MAIF. The onus to fund MAIF should not be borne by low-income drivers. MAIF is a quasi-public/private entity that is struggling financially-there are other available methods to address their funding needs that are not regressive.

In 2022, 58% of MAIF policyholders had not had an at-fault accident or a moving violation within the last three years. These drivers were at MAIF because of a lack of a credit history or poor credit scores, a lack of continuous automobile insurance coverage, limited driving experience or an out-of-country license precluding a report that can verify the driving experience and record.

Fines and fees are an ineffective tool to compel low income drivers to maintain their insurance. According to MAIF's March 2, 2023 budget testimony in the House Appropriations Commissioner Redmer noted that low-income drivers are canceling two-three times a year. They are dropping insurance when money is tight and picking it up again when they have money. This is an



affordability problem for most drivers, not a deliberate attempt to avoid insurance. Despite new fines and fees the percentage of uninsured drivers in Maryland has remained relatively static for years. New and costlier fines are not moving the needle on the number of insured drivers.

In 2024 Maryland Auto reported an average policy cost of \$2,800 for their currently enrolled drivers. This far exceeds an affordable price for low-income drivers to pay. Even with the affordability index that Maryland Auto uses and which we endorse, far too many drivers can't afford to buy insurance even in areas where the rates are below-market.

For all of these reasons, we oppose HB 1482 and urge an unfavorable report.

Best,

Marceline White
Executive Director