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January 20, 2025

The Honorable C.T. Wilson
Chairman, House Economic Matters Committee
Room 231, House Office Building
Annapolis, Maryland 21401

RE: House Bill 148 - Private Passenger Motor Vehicle Insurance – Premium Increase – Prohibition
UNFAVORABLE

Dear Chairman Wilson and Members of the House Economic Matters Committee,

I'm appearing today on behalf of the Maryland Association of Mutual Insurance Companies (MAMIC), Agency Insurance Company of Maryland (AIC) and the Insurance Agents and Brokers of Maryland (IA&B) in opposition to House Bill 148.

MAMIC is comprised of 12 mutual insurance companies that are headquartered in Maryland and neighboring states. Approximately one-half of its members are domiciled in Maryland, and are key contributors and employers in our local communities. Together, MAMIC members offer a wide variety of insurance products and services and provide coverage for thousands of Maryland citizens.

AIC is a Maryland domestic insurer founded in 1989. A substantial portion of its motor vehicle insurance is written in its home state of Maryland. AIC depends on a fair and reasonable regulatory framework for review of the insurance rates that it uses for its policies.

IA&B is a trade association comprised of nearly 200 independent agencies, employing approximately 1,800 licensed Maryland insurance producers, which are located in and doing business throughout Maryland and the surrounding states.

For approximately 100 years, automobile insurance rates for most insurers have been subject to modification by various factors that affect the final policy premium. For nearly as long, the Maryland Insurance Commissioner has regulated automobile insurance rates, including rating factors. The basic statutory requirement for automobile insurance rates is that they cannot be excessive, inadequate or unfairly discriminatory. It is the job of the Maryland Insurance Commissioner to ensure that this standard is met.

If you examine the provisions of the existing statute regarding *not at fault* losses, you will see a formula that already prohibits insurers from cancelling or nonrenewing a policy based on a claims history where two or fewer claims within a 3-year period were for accidents or losses, within a 3-year period, that were not the fault of the insured. That formula resulted from extensive negotiations among the industry, the regulator and legislators to determine what is fair in assessing fault as a component of insurance claims.

Loss history is generally a reliable predictor of future losses. Even *not at fault losses*, if frequent, are themselves predictive. Prohibiting the use of such factors would confer an unfair benefit on a small number of insured persons, which would be added to the premiums of remaining policyholders. That would be an unfair result.

Another reading of the language of House Bill 148 creates an additional problem. If a policyholder has two or fewer *not at fault* losses, but additional *at fault* losses within the 3-year experience period, the language could be read to prohibit the insurer from charging for both the *not at fault losses* and the *at fault* losses. Although this may not be the intention behind House Bill 148, it is unclear what the scope of the bill actually is.

For these reasons, we respectfully request an unfavorable report on House Bill 148.

Very truly yours,

A handwritten signature in black ink that reads "Bryson Popham". The signature is written in a cursive style with a long, sweeping tail on the letter "m".

Bryson Popham