



American Property Casualty Insurance Association

House Economic Matters Committee

House Bill 148- Private Passenger Motor Vehicle Insurance - Premium Increases - Prohibition

January 22, 2025

Letter of Opposition

The American Property Casualty Insurance Association (APCIA) is a national trade organization whose members write approximately 64% of the personal auto insurance market in Maryland. The bill prohibits an insurer, with respect to private passenger motor vehicle insurance, from increasing a premium based on the claims history of an insured where two or fewer of the claims within the immediately preceding 3-year period were for accidents or losses for which the insured was not at fault for the loss. APCIA opposes the legislation.

As the bill is currently drafted, it limits the ability of companies to underwrite the risk of an insured based on their claim history. Current law already provides a private passenger motor vehicle insurer may not cancel or refuse to renew coverage based on the claims history of an insured where two or fewer of the claims within the preceding three-year period were for accidents or losses where the insured was not at fault for the loss.

Many companies will consider the overall number or dollar amount of the claims to determine whether to remove or apply a safe driver discount.¹ There are many options in the marketplace and the best option for consumers is to shop their coverage to find the best options for their needs. Most importantly, companies pass on the increased costs of these claims to their policyholders in two ways: a). the base rate for all policyholders can be raised; or b). individual policyholders can be charged more. **If this bill should pass, those companies which consider not at fault losses in applying or not applying a loss-free credit, will be forced to pass the costs from the individual policyholders to all policyholders.**

For these reasons, APCIA urges the Committee to provide an unfavorable report on House Bill 148.

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¹ Id.