



Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

Testimony to the House Economic Matters Committee
HB 148 – Private Passenger Motor Vehicle Insurance – Premium Increase – Prohibition
Position: Favorable

The Honorable C.T. Wilson
House Economic Matters Committee
251 Lowe House Office Building
Annapolis, MD 21401
cc: Members, House Economic Matters Committee

Jan. 22, 2025

Honorable Chair Wilson and Members of the Committee:

I'm a consumer advocate and Executive Director of Consumer Auto, a nonprofit group that works to secure safety, transparency, and fair treatment for Maryland drivers and consumers.

We support **HB 148** because it will protect drivers against unfair and financially burdensome increases to their car insurance costs prompted by car crashes that were not their fault.

As is well-known, the high and fast-rising cost of car insurance is a serious cost burden for many drivers and one of the reasons many Marylanders (about 15% of drivers on the road by some estimates¹) violate the law by driving uninsured. With car insurance rates rising fast (by more than 20% in 2024), the problem is only getting worse. Bankrate recently estimated the average annual cost of full coverage in MD at \$2,793.² And many drivers who live in Baltimore or have troubled credit histories or other traits that insurers (fairly or not) see as high risk now pay much more than the average.

Those high costs, added to the high cost of cars themselves, high interest rates and other rising auto fees are making it more and more difficult for many low- and moderate-income consumers to afford car ownership at all. As we have discussed in this committee in the past, many of the ways car insurers use rating factors such as zip code, education, homeownership, occupation, and credit rating impose extra costs on many low- and moderate-income drivers, which adds of course to the car cost crunch they face.

HB 148 would help by protecting drivers against one unfair reason that some insurers may raise their rates: being in an accident that was not their fault. Under current Maryland law, insurers can use accidents within the last three years as a basis for raising rates – even if those accidents were not their fault. Many drivers complain about being victims of such unfair rate hikes.

And when they are, the cost can be serious. In a 2017 study, the Consumer Federation of America found that Baltimore drivers who faced premium hikes as a result of crashes that were not their

¹ <https://www.bankrate.com/insurance/car/uninsured-motorist-statistics/#uninsured-motorists-by-state>

² <https://www.bankrate.com/insurance/car/average-cost-of-car-insurance-in-maryland/>



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fault paid average hikes of \$258 the next year, the second-highest figure in the country.³ The CFA study also found that these price hikes, like other rating factors, hit lower-income drivers harder than others; their survey found that, nationally, higher-income drivers paid an average of \$78 more after such accidents while moderate-income motorists paid \$208 more.⁴

This practice seems particularly inappropriate in Maryland because we are not a “no-fault” car insurance state but one where the insurer of the at-fault driver generally pays the damages caused by a crash. So why should we allow insurers who do not pay for the damages caused by a traffic incident (because the other driver was at fault) to use it as grounds to raise their clients’ rates?

Raising the rates of safe drivers who get hit by another car or are simply victims of unfortunate circumstances on the road fundamentally just isn’t fair. It also works to punish people for filing claims at all – and thus discourage drivers from getting any benefits from the insurance policies they often pay \$3,000/year or more to acquire. And, as in the case of other rating practices, it’s particularly burdensome for less-prosperous drivers – who are less able to absorb the cost of an accident without filing a claim and appear to face greater rate hikes for not-at-fault crashes.

By preventing rates hikes for two or fewer not-at-fault traffic incidents in the last three years, **HB 148** would prevent drivers and consumers from being victimized by such a practice – and protect some drivers from being hit by unfair and burdensome cost hikes.

We support HB 148 and ask you to give it a FAVORABLE report.

Sincerely,

Franz Schneiderman
Consumer Auto

³ https://consumerfed.org/press_release/major-insurance-companies-raise-premiums-not-fault-accidents/

⁴ Ibid.