

INDEPENDENT INSURANCE AGENTS OF MARYLAND, INC.

DBA BIG I MARYLAND



House Economic Matters Committee

House Bill 1159

Position: Oppose

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

The BIG I MARYLAND ("Big I") is the State's oldest trade association of independent insurance agents. It represents 200 independent agencies, which employ over 2000 people in the state. We represent independent insurance agents and brokers who present consumers with a choice of policy options from a variety of different insurance companies. These small, medium, and large businesses offer a variety of insurance products – including property, casualty, life, health, employee benefit plans, and retirement products.

The Big I opposes HB1159 as adding a requirement of a loss ratio would be an absolute market killer. Our understanding is that the legislation is modeled after the medical loss ratio requirement of health insurers as a way to reign in rising premiums in the property and casualty lines of insurance. Unlike in health insurance, premiums in the property and casualty lines of coverage are cyclical. In this current cycle, premiums are starting to take a turn for the better. Our members are aware that some carriers have already filed reduced rates in the latest round of filings with the Maryland Insurance Administration. Our members are seeing that premiums have peaked in this cycle and things are starting to soften.

This legislation would have a dampening effect on what is an incredibly vibrant market. Unlike in health insurance, there are a huge number of carriers who participate in the Maryland market. There is no need to put the same requirements on property and casualty carriers that are on health insurers where premiums have historically risen year after year, almost without exception.

Finally, HB1098 would require the MIA to study the issue of affordability in the property and casualty market. We think that is a more prudent approach than this legislation.

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