

testimony2025hb148ltr.pdf

Uploaded by: Franz Schneiderman

Position: FAV



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.

HB148 Auto Insurance At Fault EconAction FAV.docx

Uploaded by: Marceline White

Position: FAV



Testimony to the House Economic Matters Committee
HB148 2 Private Passenger Motor Vehicle Insurance – Premium Increase – Prohibition
Position: Favorable

January 22, 2025

The Honorable C.T. Wilson, Chair
House Economic Matters Committee
Room 231, House Office Building
Annapolis, Maryland 21401
cc: Members, House Economic Matters

Honorable Chair Wilson and members of the committee:

Economic Action Maryland Fund (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances economic rights, equity and housing justice 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.

I am writing to urge your favorable report toward HB 148 which prohibits auto insurance premium increases after not-at-fault accidents in Maryland. Maryland requires drivers to carry insurance and has a bevy of fines and fees for uninsured drivers. However, less work has been done to make sure that car insurance is fair and affordably priced and rates have skyrocketed over the past few years.

Recent reports indicate that insurance costs have increased by 15% nationwide in the first half of 2024¹ with some reports indicating that Maryland has the most expensive car insurance in the county² and others noting that Baltimore has the highest rates in the state³.

¹ [Zawodny, Daniel Auto insurance in Maryland is expensive. But just how bad is it? Baltimore Banner, 10/17/24](#)

² [Sheets, Cassie New Report: Insurify Projects 22% Increase in Car Insurance Costs After 15% Spike in First Half of 2024, August 2024](#)

³ [Blackwell, Penelope Baltimore has the highest car insurance rates in Maryland. Here's what you can do about it 11/14/2023](#)

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Tax ID 52-2266235

Economic Action Maryland Fund is a 501(c)(3) nonprofit organization and your contributions are tax deductible to the extent allowed by law.



HB148 will bring much needed rate relief to many safe drivers throughout Maryland by prohibiting insurers from raising rates for drivers after a crash in which they were not at fault if there were no more than two such claims in the prior three years. In Maryland, the insurer of the at-fault driver generally pays the damages caused by a crash so there should be no loss by the insurer of the driver who is not at fault.

Drivers should not pay more for accidents where they are not at fault. Today in Maryland, they do. A 2017 [Consumer Federation of America](#) study found that:

- Allstate, Farmers, GEICO, and Progressive all imposed substantial premium hikes for drivers after not-at-fault accidents. Allstate imposed a 4.8% increase, Farmers imposed an 11.1% increase, GEICO's increase was 14.1%, and Progressive imposed a whopping 16.6% increase.
- On average, Baltimore drivers saw a premium hike of \$258 after not-at-fault accidents. When combining the not-at-fault penalty with other socio-economic pricing variables insurers used, CFA found that moderate-income drivers paid \$208 more, or 9.6% more, after not-at-fault accidents, while higher-income drivers paid \$78 more, or 6.6% more.

In other states that have passed similar legislation including Virginia, Oklahoma as well as the District of Columbia, there has been no harm to the insurance market due to similar legislation.

Drivers should not pay the price of higher insurance premiums when they are not at fault for the accident. HB148 is a simple, common sense bill that will bring greater fairness to the market and rate relief to Maryland drivers who are in an accident through no fault of their own.

For all these reasons we support HB148 and urge a favorable report.

Best,

Marceline White
Executive Director

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Tax ID 52-2266235

Economic Action Maryland Fund is a 501(c)(3) nonprofit organization and your contributions are tax deductible to the extent allowed by law.

Testimony in Support of HB 148--Prohibiting Auto I

Uploaded by: Michael DeLong

Position: FAV

Testimony of the Consumer Federation of America Before the Maryland House Economic Matters Committee—Support HB 148—Prohibiting Auto Insurance Premium Increases After Not-At-Fault Accidents

January 20th, 2025

Chair Wilson, Vice Chair Crosby, members of the House Economic Matters Committee:

The Consumer Federation of America (CFA) urges your support for [HB 148](#), which prohibits auto insurance companies from increasing consumers' premiums after not-at-fault accidents. This bill will provide much needed premium relief to safe Maryland drivers who are currently being subjected to unfair premium hikes.

CFA is an association of over two hundred consumer organizations that works to advance the consumer interest through research, advocacy, and education. Our Director of Insurance Douglas Heller is a member of the Federal Advisory Committee on Insurance (FACI) and a member of the Board overseeing California's low-cost auto insurance program. Our Research and Advocacy Associate Michael DeLong is a funded Consumer Representative with the National Association of Insurance Commissioners (NAIC) and a member of the Nevada Property and Casualty Insurance Advisory Committee. CFA's testimony is based on years of experience and work to make insurance more affordable and accessible, combat unfair discrimination, and protect consumers' rights.

Maryland, along with every other state except New Hampshire, requires drivers to purchase and maintain auto insurance. The state therefore has a responsibility to make sure this product is affordable and fairly priced for consumers, and that they do not suffer unfair rate increases. However, insurance premiums have increased dramatically in recent years, significantly above the rate of inflation. This has occurred as, according to Auto Insurance Report, from 2013 to 2022 the Maryland combined personal and commercial auto insurance market saw an

average total profit of 11.9%. Additionally a recent CFA report found that in 2023, the CEOs of America’s ten largest insurance companies collected massive salaries, bonuses, and other payments—earning over \$119 million.¹ Meanwhile drivers across Maryland are struggling to pay their premiums or are even driving without insurance, which puts themselves at grave risk and increases costs for all drivers.

As CFA has testified in prior sessions, insurers use non-driving factors such as consumer credit information, job or occupation, education level, homeownership status, marital status, gender, and ZIP code to charge drivers higher premiums. These practices exacerbate the burden of high rates for low and moderate income Marylanders, even when they have perfect driving records.

HB 148, sponsored by Delegate Natalie Ziegler, targets an especially unfair pricing practice and if enacted will lower rates for many safe Maryland drivers. The bill prohibits insurance companies from increasing auto insurance premiums on the basis of crashes caused by other drivers. Under this proposal, companies could not raise rates on a policyholder after a crash in which they were not at fault if there were no more than two such claims in the prior three years.

Drivers simply should not be penalized for accidents for which they are not responsible. But our past research found that safe drivers who are in accidents caused by others often see significant auto insurance rate hikes.² In 2017, CFA tested premium quotes for drivers in ten cities, from America’s largest auto insurers. Our research found that:

- Allstate, Farmers, GEICO, and Progressive all imposed substantial premium hikes for drivers after they were in not-at-fault accidents. Allstate imposed a 4.8% increase, Farmers imposed an

¹ “While Consumers Struggle to Afford Insurance Coverage, Insurance CEOs Rake in Millions.” Consumer Federation of America. December 19, 2024. Available at https://consumerfed.org/press_release/while-consumers-struggle-to-afford-insurance-coverage-insurance-ceos-rake-in-millions/.

² “Major Insurance Companies Raise Premiums After Not-At-Fault Accidents.” Consumer Federation of America. February 13, 2017. Available at https://consumerfed.org/press_release/major-insurance-companies-raise-premiums-not-fault-accidents/.



11.1% increase, GEICO imposed a 14.1% increase, and Progressive imposed the largest increase of all—16.6%.

- On average, Baltimore drivers experienced a \$258 premium hike after not-at-fault accidents. This was the second highest premium hike in all the cities tested—the only city experiencing larger premium hikes was Queens in New York.
- When combining the not-at-fault penalty with other socioeconomic pricing variables, CFA found that moderate-income drivers paid \$208 more, or 9.6% more, after not-at-fault accidents. By contrast, higher-income drivers paid \$78 more, or 6.6% more.

Charging higher premiums after not-at-fault accidents is extremely unfair and largely unknown to the public. Drivers know that if they cause a crash or get a ticket they could face premium increases, but they do not expect to be punished if they are hit by a reckless driver. In Maryland, a driver rear-ended while lawfully stopped at a red light can face a premium hike from their insurer in the wake of that crash. These practices should not be allowed.

Penalizing safe drivers hit by another car also discourages drivers from filing legitimate claims. If a driver sees their insurance premium increase after an accident, regardless of whether they are responsible, they are less likely to fill a claim and get the money they deserve.

Insurance companies have suggested that this consumer protection would increase rates for policyholders across the board. But there is no basis for this assertion. Fifteen states already protect consumers by prohibiting premium increases not-at-fault accidents, including the neighboring state of Virginia. Legislators need to protect Maryland drivers from premium hikes after accidents when they have done nothing wrong.

CFA urges the House Economic Matters Committee and the Maryland Legislature to support HB 148. Please contact us at mdelong@consumerfed.org with any questions.

Sincerely,

**Consumer
Federation**
of America

—
1620 I Street NW
Suite 200
Washington, DC
20006

—
202-387-6121
info@consumerfed.org
ConsumerFed.org



A handwritten signature in black ink, appearing to read "D. Heller", with a long horizontal line extending to the right.

Douglas Heller
Director of Insurance
Consumer Federation of America

A handwritten signature in black ink, appearing to read "Michael DeLong", written in a cursive style.

Michael DeLong
Research and Advocacy Associate
Consumer Federation of America



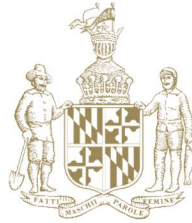
Ziegler HB 148 sponsor testimony.pdf

Uploaded by: Natalie Ziegler

Position: FAV

NATALIE ZIEGLER
Legislative District 9A
Howard and Montgomery Counties

Environment and Transportation Committee



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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of HB 148
Private Passenger Motor Vehicle Insurance - Premium Increase – Prohibition**

Chair Wilson, Vice Chair Crosby, and honorable members of the House Economic Matters Committee:

Thank you for considering HB 148 Private Passenger Motor Vehicle Insurance - Premium Increase – Prohibition. This is a consumer protection bill, which aims to prohibit automobile insurers from increasing premiums after a driver has been in an accident in which they were not at fault.

This issue was brought to my attention by a constituent who saw his insurance premium double after being in an accident which his insurance company had determined was not his fault. Our neighbors in Virginia and the District of Columbia already have laws prohibiting this unfair practice, as do many other states including California, Colorado, Connecticut, Florida, Hawaii, Louisiana, Michigan, Oklahoma, Rhode Island, and Washington.

Maryland currently prohibits insurers from canceling or refusing to renew coverage after 2 or fewer claims within a 3-year period for which the insured driver was determined not at fault. This bill provides a simple addition to prevent the increase of a premium. Since an exorbitant rate increase is an effective way to get a customer to not renew their policy, prohibiting such an increase strengthens the intention of our existing law. This still leaves insurers the option to increase, cancel, or refuse to renew if there are more than 2 claims in 3 years, providing reasonable flexibility for insurance companies.

There is no justifiable reason to penalize safe drivers who file legitimate claims after an accident that was no fault of their own.

I respectfully ask for a favorable report.

Sincerely,

A handwritten signature in black ink, appearing to read "Natalie Ziegler".

Delegate Natalie Ziegler
Howard & Montgomery Counties, District 9A

HB148 Position Paper.pdf

Uploaded by: Neil Dubovsky

Position: FAV



2025 POSITION PAPER HB148

HB148 – Private Passenger Motor Vehicle Insurance – Premium Increase – Prohibition FAVORABLE

The Maryland Association for Justice (MAJ) supports HB148 which proposes amending Maryland Insurance Article Section 27-501(k) to include a prohibition on the increase of premiums by insurance companies where two or fewer of the claims within the preceding 3-year period were for accidents or losses where the insured was not at fault for the loss.

The current version of the statute already reflects the legislature’s intent to ensure that consumers are not punished for making claims related to accidents for which they were not at fault. This amendment is a natural and important extension of that principle that will ensure that Marylanders are protected from increased insurance premiums in that scenario.

When a person makes a “no fault” claim under their own policy, they are attempting to avail themselves of coverage for which they have already paid premiums. To permit insurance companies to increase premiums as a result of those claims would have two adverse effects: (1) It would enable insurance companies to “double dip” by effectively charging consumers on both the front and back end of accidents for which they were not at fault and (2) it would operate to dissuade consumers from utilizing coverages under their policy for which they have already paid premiums for fear that future premiums would increase.

The current bill in no way restricts or limits an insurance company’s ability to take into account accidents caused in whole or in part by their insureds. It is not appropriate or reasonable to punish those consumers with higher premiums simply because they were innocent victims in an accident.

The Maryland Association for Justice urges a FAVORABLE Report on HB0148.

About Maryland Association for Justice

The Maryland Association for Justice (MAJ) represents over 1,250 trial attorneys throughout the state of Maryland. MAJ advocates for the preservation of the civil justice system, the protection of the rights of consumers and the education and professional development of its members.

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HB 148_MAMIC and IAB_UNF.pdf

Uploaded by: Bryson Popham

Position: UNF

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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

HB 148 Premium Increase APCIA OPPOSES FINAL.pdf

Uploaded by: Nancy Egan

Position: UNF



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.

Nancy J. Egan, State Government Relations Counsel, Mid-Atlantic,

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¹ Id.