



February 16, 2026

The Honorable Pamela Beidle
Chair, Senate Finance Committee
Miller Senate Office Building, 3 East Wing
11 Bladen St., Annapolis, MD 21401

RE: **SB 469 –Maryland Automobile Insurance Fund - Affordability - Purpose of Fund and Authorized Program - UNFAVORABLE**

Chair Beidle and Members of the Committee:

The Insurance Agents and Brokers of Maryland (IA&B) respectfully submits this letter in opposition to SB 469. IA&B is a trade association of nearly 200 independent agencies employing approximately 1,800 Maryland insurance producers. Our member agencies serve Maryland drivers by placing private passenger automobile insurance in the voluntary market, while also assisting those drivers who are unable to find coverage and must turn to the Maryland Automobile Insurance Fund (MAIF) as Maryland's market of last resort.

MAIF serves a specific and necessary purpose. It provides access to the minimum financial security required by Maryland law for drivers who cannot obtain legally required auto insurance in the private market. These drivers are typically high-risk applicants that the voluntary market will not insure at any price. **A residual market is not intended to be a price alternative for drivers who are able to obtain coverage in the voluntary market but simply dislike the premium.**

It is important to note that the health of a residual market is measured not by how many policies it writes, but by how few. MAIF's share of the total private passenger auto market is significantly larger than typical for a residual market, standing at just over \$93.2 million in net written premium in 2025¹. For comparison, Pennsylvania's residual market reported a net written premium of \$8.3 million in 2024, despite Pennsylvania having more than twice Maryland's population².

Between 2018 and 2024, **MAIF paid out \$1.20 in claims for every \$1.00 of premium collected**, not including MAIF's operating expense³. It is plain to see how this chronic under-pricing depleted MAIF's reserve funds, which at one time stood at \$184 million. In 2023, this General Assembly authorized MAIF to access approximately \$9.6 million in additional funds³. Those too have since been exhausted. In 2025, MAIF's remaining funds became low enough to trigger an assessment on every automobile insurance policy in the state.

The Maryland Insurance Administration was correct in forcing MAIF to address its rate inadequacy. As a result, MAIF's performance has somewhat improved, though further improvement is necessary, with MAIF paying approximately \$1.06 in claims for every \$1.00 in premium collected in 2025.





Residual markets do not exist to offer lower rates than what is available in the voluntary market. On the contrary, because residual markets exist to insure the most irresponsible, high-risk drivers on the road, it is expected that premiums under MAIF should be *higher* than what can be found in the private market.

By exempting MAIF from long-standing rate adequacy laws, SB 469 invites MAIF to return to the unsustainable pricing model that the MIA forced it to abandon. This effectively turns the assessment mechanism into a competitive tool. MAIF can underprice policies to attract business it was never intended to compete for, then rely on regular assessments to make all other Maryland drivers pick up the tab.

In prior years, MAIF's substantial reserve surplus helped shield drivers from the impact of its persistent underwriting losses. That surplus once stood at \$184 million. It no longer exists.

IA&B supports the goal of improving auto insurance affordability for Maryland families. But the solution is not to redefine Maryland's residual market into a quasi-competitor, and Maryland drivers in the voluntary market should not be forced to subsidize MAIF's marketing strategy.

Sincerely,

John Savant
Government Affairs Director

1. MAIF presentation to the Senate Finance Committee, January 22, 2026:
https://mgaleg.maryland.gov/meeting_material/2026/fin%20-%20134135033962649181%20-%20Briefing%20Materials%20-%20MAIF%20and%20MIA%2001-22-26%202PM.pdf
2. Automobile Insurance Plans Service Office (AIPSO): *Ranking of States by Residual and Total Market Premium*,
www.aipso.com/Industry-Data
3. SB 530 of 2023: <https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/SB0530?ys=2023rs>

