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March 3, 2026

The Honorable J. Sandy Bartlett
Chair, House Judiciary Committee
100 Taylor House Office Building
Annapolis, Maryland 21401

RE: House Bill 816 -*Maryland Automobile Insurance Fund-Affordability-Purpose of Fund and Authorized Program*
UNFAVORABLE

Dear Chair Bartlett and Members of the Committee,

On behalf of the Maryland Association of Mutual Insurance Companies (MAMIC), we respectfully oppose House Bill 816.

As you may recall, MAMIC is comprised of 12 mutual insurance companies that are headquartered in Maryland and neighboring states. Approximately one-half of our 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.

House Bill 816 addresses two very different subjects: one is familiar, the Maryland Automobile Insurance Fund (MAIF) and the other is affordability. Addressing the latter issue first, legislation introduced during 2025 (House Bill 1098) created a task force to address affordability in automobile insurance. That task force report has been delivered to the legislative committees with subject matter authority, and at least one legislative initiative (Senate Bill 865) has been introduced this year in response.

MAMIC acknowledges that affordability is an appropriate subject for legislative study. Its members have participated in the study under House Bill 1098, and they look forward to a continuing role in addressing this important topic.

The inclusion of affordability as a factor in MAIF's insurance rating formula (See, page 2, lines 22 through 24 of House Bill 816) would be a mistake with potentially serious consequences. Created in 1972 to replace the former assigned risk program, MAIF's express statutory authority is to provide automobile insurance to persons "that are unable to obtain it" from a private insurer in the State (Insurance Article, Section 20-301(a)). In Section 20-507 of the Insurance Article, MAIF rates are expressly subject to the authority of the Maryland Insurance Commissioner in determining whether they are "excessive, inadequate, or unfairly discriminatory." In other words, MAIF is required to follow the same basic rating principles that all other insurers must observe.

The new language on affordability in House Bill 816, as drafted, expressly refutes that requirement. Longstanding provisions in the statute permit rates to be adjusted by standard industry factors such as points on an individual's drivers license, and prior claims experience of an insured or applicant. These factors are well-understood and universally employed in the business of rating automobile insurance policies. House Bill 816, however, requires MAIF to establish an affordability program "that may otherwise be inconsistent" with the statute in its requirement of the Commissioner to determine whether rates are excessive, inadequate or unfairly discriminatory.

In fact, MAIF has been violating these fundamental requirements for a number of years. Despite pressure from the Maryland Insurance Administration to charge adequate rates, MAIF has consistently failed to do so. As a result, MAIF's surplus has declined to a point where, by operation of statute, it has become necessary to assess private insurers in Maryland to subsidize MAIF operations. The price for that subsidy is nearly \$20 million this year, imposed upon every

vehicle owner who insures a car in Maryland with a private insurer. It will be millions more next year and the year after that, in all likelihood. In essence, this subsidy operates as a tax on ordinary Marylanders who are already struggling to deal with the high cost of automobile insurance. The passage of House Bill 816 would simply guarantee that MAIF's failure to price its product in accordance with the statutory requirements that have existed since MAIF was created will continue into the indefinite future. The new language in House Bill 816 acknowledges that the affordability program it creates may be "considered inconsistent" with these basic rating requirements.

Perhaps in response to unanimous insurance industry opposition to this legislation, MAIF has drafted a series of amendments to place some limits on its future use of an affordability program. It is important to remember that any affordability program that employs inadequate rates will, under the current MAIF statute, guarantee that the inevitable losses MAIF will incur will be paid for by the 99% of Marylanders who procure automobile insurance in the private market. Nevertheless, given the current concern among elected officials in Maryland over affordability of automobile insurance in general, MAMIC is working with the Insurance Commissioner to guarantee that any such program receives appropriate oversight and regulation from the Maryland Insurance Administration. The first step in any such program is to place appropriate sunset language on the enabling statute, so that proponents of the program must come before the General Assembly at some future point in time to report on its implementation and to justify its continued existence.

MAMIC members, together with more than 100 private automobile insurers in Maryland, will be monitoring such a program themselves, and we pledge to participate with you should this bill pass when the issue, inevitably, arises again.

While MAMIC continues to oppose the bill for the record, we advise the Committee that we will withdraw our opposition upon the adoption of suitable amendments, including the sunset provision referenced above, to safeguard the viability of the private passenger automobile insurance market in Maryland.

For these reasons, MAMIC respectfully requests an unfavorable report on House Bill 816.

Thank you for your consideration.

A handwritten signature in black ink, reading "Melissa G. Shelley". The signature is written in a cursive, flowing style.

Melissa Shelley
President, MAMIC

cc: Bryson Popham