



Testimony of

American Property Casualty Insurance Association (APCIA)

Senate Finance Committee

Senate Bill 865 - Workgroup on the Affordability of Private Passenger Automobile Insurance – Extension and Alteration of Membership and Duties

February 25, 2026

Unfavorable

The American Property Casualty Insurance Association (APCIA) is the primary national trade organization representing nearly 67.4 percent of the Maryland private passenger auto insurance market. APCIA appreciates the opportunity to provide written testimony in opposition to Senate Bill 865.

The bill proposes to expand and extend the duties of the Workgroup on the Affordability of Private Passenger Automobile insurance to engage in further study of territorial rating and other rating factors that have been permitted in Maryland for decades and have been the subject of numerous legislative hearings. APCIA was a participating member of last year's workgroup and contributed to its discussions and recommendations. We understand the concern about affordability of auto insurance in Maryland. However, the workgroup has already issued a [report](#) and made a series of recommendations that have only just started to be acted on.

For example, one of the recommendations is addressed in [HB1583](#), which would require the Maryland Insurance Administration (MIA) to establish a workgroup to study how the General Assembly could establish an equitable and sustainable low-cost auto program or economic relief credit program to reduce the cost of private passenger automobile insurance for low-income drivers in the State; and requiring the workgroup to submit its findings and recommendations to the Governor and the General Assembly on or before January 1, 2027.

The charges of the workgroup and the preamble make significant changes to the workgroup and its operations.

Firstly, the preamble to the bill claims that the [t]he report identifies significant disparities in affordability in majority–minority and lower–income zip codes and acknowledges that geographic and nondriving rating factors may contribute to those disparities; however, upon review of the report there was not any area that pointed to significant disparities in affordability in majority-minority and lower-income zip codes. That language should be deleted in the preamble.

In addition, in the preamble states “Despite identifying territorial rating and other nondriving rating factors as key areas of concerns While the report does memorialize the workgroup’s discussion of the subject, and the reports that were reviewed, this was not cited as a “key area of concern” or included in the report’s recommendations. The language should be struck.

In addition, at a recent briefing to members of Senate Finance in January, the MIA committed to reviewing territorial rating and issue its findings. This would duplicate their efforts and would add additional time commitments outside of the other workgroup recommendation to study on lo-cost auto.

There is also legislation examining the MD Auto Insurance Fund and its sustainability and current assessments on the private passenger market which impact rates as these assessments are ultimately paid for by all policyholders in all territories of Maryland.

In addition, the bill while extending the workgroup's efforts, makes significant changes to the traditional approach of previous studies. "The workgroup shall develop through a process involving records voting, data, driven, concrete legislative recommendations to reduce premiums including "specific recommendations regarding the use of territorial rating" and also, "rating factors that may contribute to disparate impacts." These charges to the reconstituted workgroup serve only to prejudge a result with respect to territorial rating and invite a conclusory approach to the broad subject of insurance rating factors through use of the term "disparate impacts."

The bill also adds two additional members to the workgroup of a nonprofit research or consumer advocacy organization with demonstrated expertise in automobile insurance rating practices. If this workgroup should move forward, APCIA recommends that an additional automobile insurer or trade association be added as a means to provide additional statistical actuarial expertise to the workgroup and that one of the members asked to be added to the workgroup above be a member of the American Academy of Actuaries.

For all the reasons above, APCIA believes that this workgroup is unnecessary and duplicative. APCIA appreciates the opportunity to provide written testimony regarding Senate Bill 469 and urges the Committee to provide an unfavorable report.

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