



Testimony of

American Property Casualty Insurance Association (APCIA)

House Judiciary Committee

House Bill 816 - Maryland Automobile Insurance Fund - Affordability - Purpose of Fund and Authorized Program

March 5, 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 regarding House Bill 816 - Maryland Automobile Insurance Fund - Affordability - Purpose of Fund and Authorized Program. Because the bill would expand the role of the Maryland Automobile Insurance Fund (MAIF) beyond that of a market of last resort and promote the subsidization of rates, APCIA opposes the bill. We are reviewing the current set of amendments that MAIF has circulated and will be providing amendments to address our concerns.

MAIF was created in 1973 to provide automobile insurance to Maryland residents that have been turned down by two insurance companies or canceled or non-renewed by one. As such, its role is not dissimilar from that of other states' automobile residual market mechanisms that regularly file for rates that meet traditional rating standards to not be excessive, inadequate, or unfairly discriminatory.

HB 816 would add the phrase "at affordable rates" to Section 20-301 (a) of the Maryland Insurance Article which currently states that "the purpose" of MAIF is "to provide the financial security required under § 3 17-103 of the Transportation Article to those eligible persons that are unable to obtain it from an Association member."

It would also amend Section 20-507 to authorize MAIF's executive director to "establish an affordability program" that would otherwise be inconsistent with statutory standards for insurance rates.

To consider the affordability of coverage for consumers seeking coverage from MAIF, affordability is relative, shifting, and policyholder specific – and it must be balanced against other factors, such as prudent financial oversight, responsible fiscal management, and solvency. No other state has adopted MAIF's approach to rating and its current practice of rating affordability.

HB 816 would result in significant changes that would significantly shift the role of MAIF and further promote subsidization of rates through assessments on private passenger insurance carriers. MAIF in 2025 issued an assessment of private passenger insurers of \$19,449,718 based on 2024 calendar year results, and an additional assessment is anticipated for 2026 based on 2025 data. The assessments result in the voluntary market subsidizing MAIF. These assessments are then passed on to Maryland consumers who are not insured with MAIF and in the end are subsidizing MAIF's actions and paying more for their coverage.

These assessments demonstrate that MAIF rates are currently inadequate to account for the risk it is assuming. The Maryland Insurance Administration has taken steps to have MAIF achieve rate adequacy over time. We

believe that this approach represents an appropriate development and that HB 816 would be a step in the wrong direction. Passing this legislation would further contribute “to the erosion of its surplus and the need to assessments – which will impact costs for all Maryland private passenger auto policyholders, including policyholders in the private market who are also economically challenged, but happen to have good driving records. This while MAIF insures less than 1% of the Maryland drivers and only a subset of MAIF insurers are economically challenge, all Maryland PPA policyholders pay for MAIF’s shortfalls.”¹

Notably, there are other means of pursuing affordable auto insurance rates. APCIA was pleased to participate along with MAIF in the work of the Affordability of Private Passenger Automobile Insurance Workgroup, which submitted its report to the legislature on December 22, 2025². The report compiles a great deal of information regarding the issue of auto insurance rates and reviews a number of policy options.

APCIA appreciates the opportunity to provide written testimony regarding House Bill 816. We are working with the Insurance Commissioner and other industry partners to review amendments to address our concerns.

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¹ [Joint Chairmen’s Report Maryland Automobile Insurance Fund and the Private Insurance Market, December 1, 2023.](#)

² <https://insurance.maryland.gov/Consumer/Appeals%20and%20Grievances%20Reports/Affordability-of-Private-Passenger-Automobile-Insurance-2025-Workgroup-Report.pdf>