



March 3, 2026

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

Re: Opposition to House Bill 816: Maryland Automobile Insurance Fund
Affordability

Dear Chair Bartlett, Vice Chair Davis, and members of the House Judiciary Committee:

Thank you for the opportunity to submit written testimony in opposition to House Bill (HB) 816, which would revise the purpose of the Maryland Automobile Insurance Fund (MAIF) to require that it provide auto insurance at affordable rates, empower MAIF's executive director to create an undefined "affordability program," and direct the Maryland Insurance Commissioner to consider MAIF's amended "affordability" purpose when reviewing MAIF rate filings for excessiveness, inadequacy, and unfair discrimination. On behalf of the Allstate Insurance Company enterprise, I respectfully urge the members of this Committee to issue an unfavorable report on HB 816.

While HB 816 would not directly affect the rating rules for auto insurance carriers in the voluntary market, the bill would permit MAIF to deploy targeted discounts or other affordability measures, even if the steps taken by MAIF would otherwise violate Maryland insurance law. Such discounts will likely increase competition in population segments served by MAIF. Sustained efforts to achieve affordability for MAIF insureds at the expense of its rate adequacy will increase the long-term risk that assessments are imposed on voluntary-market carriers to bolster MAIF's surplus.

Because MAIF provides auto insurance for motor vehicle operators who are viewed as uninsurable in the voluntary market, to serve its current statutory purpose, MAIF coverage must remain available to Maryland drivers who would otherwise go without insurance. At the same time, however, MAIF also has a responsibility to manage the issue of affordability with care. MAIF assessments imposed on auto insurance carriers in Maryland's voluntary market must remain both infrequent and necessary.

Under existing law, the Maryland Insurance Administration (MIA) is already free to evaluate MAIF's rate filings based on MAIF's public policy purpose, which is to provide private passenger automobile insurance to drivers unable to obtain it on the voluntary market.¹ MAIF's

¹ See Md. Code Ann., Ins. § 20-507(e) (2025) ("In reviewing rates filed by the Fund, the Commission shall consider not only the rating principles under Title 11, Subtitle 2 or Subtitle 3 of this article but also the statutory purpose of the Fund under §20-301 of this title."); 2025 Md. Laws ch. 395 (HB 1098) (amending § 20-507 while

existing public policy purpose creates a risk pool that is already populated by the highest-risk motor vehicle operators in Maryland's driving population. Plus, in accordance with applicable law, it levies assessments on carriers in the Maryland voluntary market to maintain its own solvency.²

Lowering MAIF rates to achieve greater affordability will further compromise its already uncertain solvency, leading to more frequent and higher assessments imposed upon carriers in the voluntary market. Lowering MAIF premiums to adhere to the unenumerated standards established in the bill's "affordability program" will lead to, among other unintended consequences, an overage in assessments against carriers offering private passenger auto (PPA) policies in the voluntary market in Maryland. Those more frequent and higher assessments will increase costs for voluntary market carriers, who will be forced to pass those higher costs on to their Maryland insureds. Excessive assessments will increase premiums for Maryland drivers in the voluntary market, effectively creating a subsidy for risky drivers financed by safe ones.

Moreover, the issue of affordability extends far beyond MAIF policyholders. To the extent this Committee is interested in exploring legislative solutions to Maryland's PPA insurance affordability crisis, we encourage the Committee to do so holistically, rather than piecemeal, and considering the needs of all Maryland's motorists, not only those insured by MAIF. HB 816's passage will lead to the perpetual imposition of assessments on auto carriers in the voluntary market, raising costs for policyholders and inhibiting market expansion.

Allstate appreciates the opportunity to provide written comments in opposition to the bill, and we respectfully urge Committee members to issue an unfavorable report on HB 816. Thank you for your time and consideration of this important issue.

Sincerely,



Lauren G. Pachman
Legislative & Regulatory Senior Counsel

Government & Industry Relations
Allstate Insurance Company
3100 Sanders Road
Northbrook, IL 60062

Lauren.Pachman@allstate.com

retaining the "statutory purpose" requirement ["In reviewing rates filed by the Fund, the Commissioner shall consider not only the rating principles under Title 11, Subtitle 2 or Subtitle 3 of this article but also the statutory purpose of the Fund under § 20-301."]; Md. Code Ann., Ins. § 20-301(a) (describing MAIF's statutory purpose).

² See Md. Code Ann., Ins. § 20-404(c), (j) (2025) (describing how the calculation of MAIF assessments is made, in accordance with an annual certification by the MAIF Board of Directors and identifying the circumstances under which such assessments shall be levied).