

**Senate Finance Committee**  
*Senator Pamela Beidle, Chair*  
*Senator Antonio Hayes, Vice-Chair*

**Thursday, January 22, 2026, 2:00 p.m.**

**Agenda**

---

**Private Passenger Automobile Insurance Affordability, Telematics, and Updates on the Maryland Automobile Insurance Fund**

**Maryland Automobile Insurance Fund**

- Al Redmer, Executive Director, MAIF
- De’Von Brown, Government Relations Manager, MAIF

**Maryland Insurance Administration**

- Marie Grant, Commissioner, MIA
- Joy Hatchette, Deputy Commissioner and Acting Associate Commissioner – Property and Casualty Insurance, MIA



# Maryland Automobile Insurance Fund

January 2026

# Insured Division

---



- Created – 1972 (HB 44/Chapter 73) Began insurance operations on January 1, 1973.
- Primary Function – Insured Division sells automobile insurance policies to Maryland residents & businesses:
  - Turned down by two private auto insurers.
  - Cancelled or non-renewed by one private auto insurer.
- Independent & non-budgeted agency.
- Insured Division receives no State, special or Federal Funds.
- Operates on premiums, investment income and when necessary, an assessment on the automobile insurance industry.
- There has only been one assessment (in 2025) since 1989.
- An assessment will be declared in 2026, based on 2025 results.
  - Based on preliminary year-end figures, Maryland Auto anticipates an improvement (decline) in the amount of the assessment.

# Personnel

---



- 9-Member Board appointed by the Governor with the advice and consent of the Senate.
- Approximately 178 full time employees, as of year-end 2025, consisting of insurance professionals - claim adjusters, underwriters, claims attorneys, and insurance accountants.
- Not part of State Personnel Management System.
- Participates in the State health & retirement systems (pays the employer's share).
- Attorney General does not represent Maryland Auto. General Counsel serves as counsel to Maryland Auto & Board of Trustees.
- In-House Counsel Unit and Outside Counsel for claims related matters.
- Executive Director appointed by the Board of Trustees & oversees daily operations.

# Oversight

---



- Generally regulated by the Maryland Insurance Administration in the same fashion as all other insurers:
  - Financial Exams
  - Market Conduct Analysis and Exams
  - Rate & Form Filing
  - File Quarterly & Annual Financial Statements
  - Consumer Complaints
  - General Inquiries
- Subject to the provisions of the Insurance Article, except as otherwise provided by law. For example, by statute (Insurance Art. 4-301d), Maryland Auto is not subject to general Risk Based Capital standards except as provided in Insurance Art. 20-507.
- Internal Auditor conducts compliance & fiscal audits. Reports functionally to the Board of Trustees Audit Committee & administratively to the Executive Director.
- External Auditor annually conducts an independent audit & reports its audit findings directly to the Board of Trustees
- Maryland Auto files its budget information with DBM & DLS. A budget analysis is prepared by DLS and submitted to the Budget Committees for review and consideration.

# Financial Results 2025 Year End



Maryland Automobile Insurance Fund Insured Division Pro Forma Income Statement Calendar Year - 2024 Actual and 2025 Projected		
	Actual 2024	Projected 2025
Net Premium Written	\$ 128,427,226	\$ 93,202,838
Earned Premium	\$ 122,709,427	\$ 113,976,725
Investment Income, net	6,335,514	5,948,419
Other Income	294,734	342,044
Total Income	\$ 129,339,675	\$ 120,267,188
Claims Incurred	99,056,175	94,081,463
Claims Expense Incurred	22,285,138	18,607,310
Other Expenditures	26,154,723	21,870,220
Total Expenditures	\$ 147,496,036	\$ 134,558,993
Net Income (Loss)	\$ (18,156,361)	\$ (14,291,805)
Beginning Surplus	\$ 19,772,764	\$ 3,508,934
Net Income (Loss)	(18,156,361)	(14,291,805)
Unrealized Gain/(Loss) Change	1,790,647	1,566,216
Changed to Nonadmitted Assets	101,884	150,757
Prior Year Assessment		19,145,301
Ending Surplus	\$ 3,508,934	\$ 10,079,403
Assessment Threshold	22,958,652	24,986,953

# Operational Results 2025



## Premiums

- Net Written Premium declined in 2025 by more than 30%.
- Average Premium for PPA has increased – 2023 average premium was \$2,560 – in 2025 the average policy was \$2,727.

## Policies in Force

- Year-End policies in force 2025 declined by 31% compared to year-end 2024.
- Drastic shift to liability only policies – 2023 liability only policies represented 62.75% - 2025 liability only policies represented 78.7% of our book.
- Average days in force has declined – in 2023 the average cancelled policy was in force for 188 days – the 2025 average was 173 days.

## Cancellation Rate

- MD Auto's cancellation rate remains high – over 50%.
- Ratio of average monthly cancellations to average total applications has increased by more than 12%.
  - In other words, monthly application volume is dropping at a higher count than the average monthly cancellations.

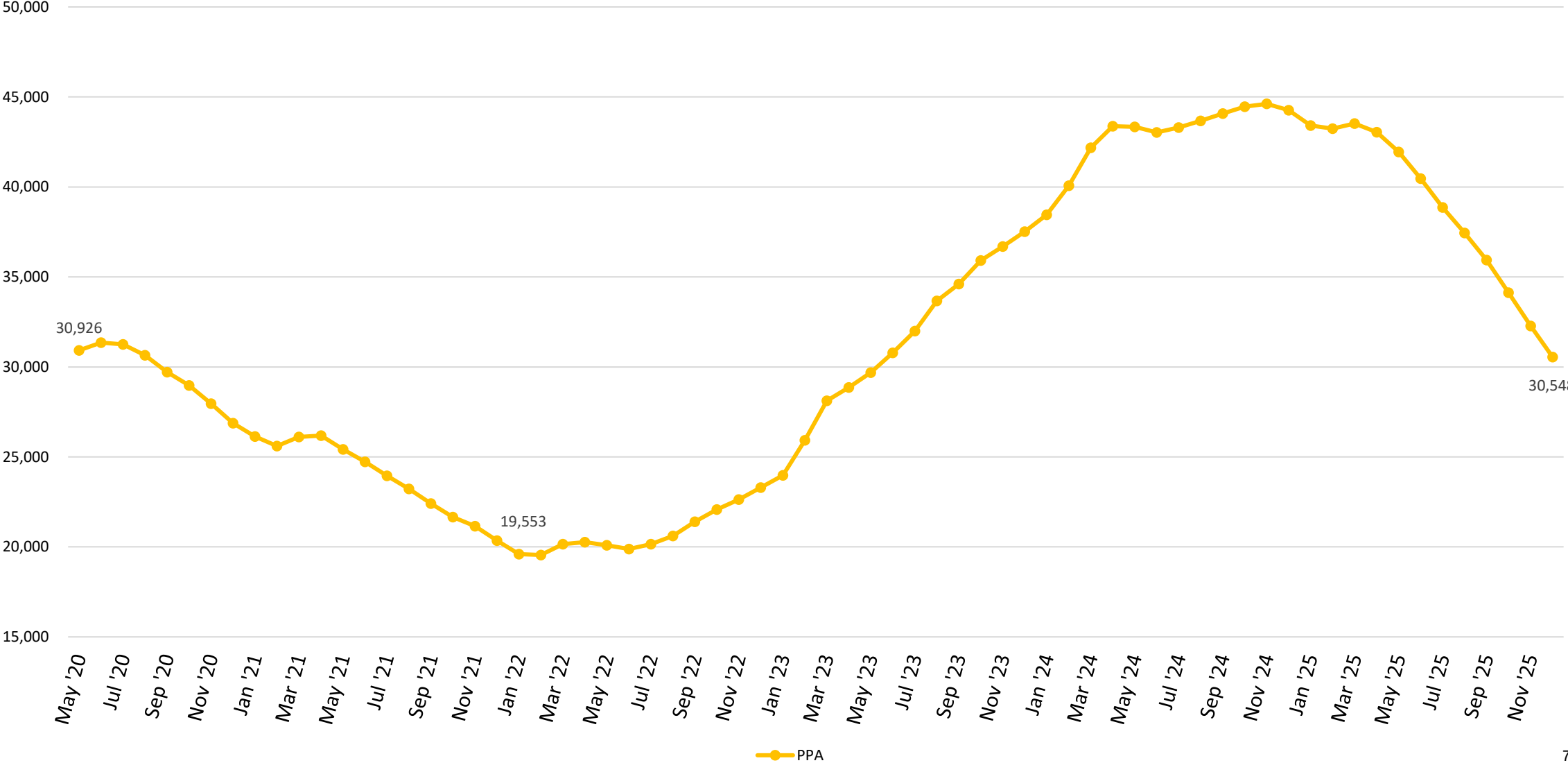
## Claims

- New claims received in 2025 declined by only 18%.
- PPA Average costs continue to rise - +6.7% in 2025 compared to 2024.
  - Most notably third-party BI average pay increased YOY by 11.5% - largely driven by an increase in medical utilization (submitted medicals).

## Installment Billing

- Since the General Assembly removed restrictions on MD Auto financed premium.
- The average take rate for MD Auto's installment plan has increased from approximately 2% in 2021 and prior years to just under 20% in 2025.
  - This directly supports affordability efforts as MD Auto's installment plan is interest free.
- MD Auto's Installment Plan also has a lower cancellation rate – during the prior rolling 12 months nearly 10% less of the MD Auto Financed policies cancelled compared to premium financed policies – and policies remain in force for longer.

# PPA Policies in Force (PIF)



# Assessment – 2025 and 2026

---



- The assessment mechanism has been a part of Maryland law since MD Auto's creation in 1972. The assessment process is managed by the Industry Automobile Association (IAIA). By statute, all licensed auto insurers in Maryland are members of IAIA.
- The MD Auto Board certified an assessment of \$19,449,718 in March 2025, based on 2024 calendar year operating results. This assessment was invoiced by the IAIA to Maryland insurers based on the insurer's Maryland market shares. Insurers paid the assessment to IAIA on or before June 1, 2025, and the IAIA in turn transferred the funds to Maryland Auto as an addition to Maryland Auto's surplus.
- The \$19.4 million assessment results in a .00296 assessment ratio (\$19.4 million assessment ÷ \$6.6 billion in statewide premium). Maryland insurers were accordingly assessed .296% (less than 1/3 of 1%) of its Maryland premium, or \$2.96 for every \$1,000 in premium.
- On or before March 15, 2026, (based on year-end 2025 results), an assessment will again be certified by Maryland Auto's Board and reported to the IAIA.
- It is anticipated that the assessment in 2026 will be approximately \$14.9 million, approximately \$4.5 million less than the 2025 assessment.

# Assessment – Recoupment

---



- By statute, Maryland insurers can recover the cost of the assessment as a general expense in a subsequent rate filing. Insurers also have the option to recoup the assessment from its policyholders. By June 30, in an assessment year, companies must elect whether to recoup the assessment from policyholders.
- If a company elected to recoup the 2025 assessment from its policyholders, the company was required to add a charge to each premium bill from July 2025 to June 2026 and put a line item on the bill “Recoupment of MAIF assessment, \$\_\_\_\_\_.”
- Recoupment from policyholders is not a common practice nationally. Insurers normally recover assessments through the rate filing process.
- On an average \$2,500 annual policy, using the same 2024 Statewide Premium of roughly \$6.6 billion, a \$14.9 million assessment, if recouped, would equal \$5.76 for the total term or \$0.48 per month.

# MD Auto Affordability Index



- The General Assembly has long expected Maryland Auto to consider affordability in its rate-making, stating in 1985 *“Rates charged by the Maryland Automobile Insurance Fund must adequately reflect the degree of risk involved but must also remain affordable to that segment of the population which is dependent on the Fund for automobile insurance.”* (Ch. 610, 1985).
- Originally, affordability was addressed by providing a 15% discount in Baltimore city where the rates of insurance are unusually high, and income levels are low. This evolved over the years into a broader “Affordability Index” which applied anywhere in the State where premium for a policy with Maryland Auto costs more than 3.3% of the median household income in that zip code. However, the vast majority of affected zip codes remain in and immediately surrounding Baltimore City.
- The Affordability Index was Maryland Auto’s effort to limit rate increases in low-income communities that have extremely high rates of insurance. The average median household income, in zip codes where the Affordability Index applies, is far below the statewide average.
- Abandoning affordability measures entirely would negatively affect the lowest income communities in the State and require significant rate increases.



## MD Auto Affordability Index – MIA Order

- On December 18, 2024, the MIA issued an Order requiring MAIF to raise rates to an “adequate” level and eliminate the Affordability Index within two years. At MD Auto’s request the Order was revised in March 2025 allowing additional time to comply with eliminating the current Affordability Index and full rate adequacy by the end of 2027.
- MD Auto understands the MIA concerns and intends to comply. MD Auto is committed to identifying alternative ways to include affordability in our rates, in accordance with our statutory mission.
- **To comply with the order, Maryland Auto filed two rate increases in 2025:**
  - **13.8%** at the end of January 2025
  - **2.6%** at the end of August 2025
- Following these rate increases, our actuarial analysis suggests that MD Auto has made significant strides towards rate adequacy, even without dramatic changes to the current Affordability Index.
  - The current estimated inadequacy is only approximately -6% compared to an average of -20% from 2018-2024.
  - Excluding Baltimore City, the average territorial inadequacy is even better at just -2%.

# Recent Legislation

---



- During the 2025 Session, the General Assembly enacted Chapter 395, (HB 1098). This bill amended Maryland Auto's statute to provide that in any year in which Maryland Auto's Risk Based Capital was below the "Company Action Level", Maryland Auto's rates would be subject to prior approval by the MIA. Otherwise, ratemaking would be on a "file and use" basis and rate filings would be immediately effective.
- Based on projected year-end 2025 results, Maryland Auto's RBC capital will be below Company Action Level. As a result, for 2026, Maryland Auto's rate filings will require the Commissioners approval before going into effect.
  - Maryland Auto will accordingly be submitting rates under prior approval.
- HB 1098 also required the Insurance Commissioner to establish an affordability work group. As a member of the workgroup, Maryland Auto did participate, under the direction of the Insurance Commissioner.

# Affordability Initiatives

---



## 6-month policy

- Lower down payments which will enhance affordability.

## Renewals

- Could potentially operate to allow for continued payments, for qualifying policyholders, avoiding or significantly limiting down payment requirements for those Marylander's maintaining auto insurance coverage.

## HB1098 Affordability Workgroup

- Public comments underscore the importance of affordability and why our mission remains so critical.
- Statistics offered by various consumer organizations:
  - 80,000 Baltimore families lack access to a vehicle and rely on limited public transit options.
  - Baltimore area neighborhoods served by Vehicles for Change can reach only 54% of regional jobs within 90-minutes via public transportation while the low- and middle-skill jobs reachable within that time frame make up only 25% of the regional total.
    - In many communities a car is a necessity for economic and physical mobility.

# Next Steps

---



Maryland Auto will continue to take a multi-pronged approach to becoming closer to rate adequate, while still meeting our statutory mission of considering affordability and making auto insurance accessible to those Maryland citizens unable to secure coverage in the standard market. Our initiatives will be advanced through operational, regulatory, and legislative solutions, including:

- Continue efforts to identify alternative affordability mechanisms that satisfy all stakeholders.
- Fine tune rates to continue movement towards rate adequacy.
- Legislative initiatives to remove statutory ambiguity as it pertains to MD Auto's consideration of affordability.
- Participate in or take responsibility for any ongoing studies or efforts to address affordability, especially for lower income communities.



**Thank you**



# SENATE FINANCE COMMITTEE

JANUARY 22, 2026

**Marie Grant**

Insurance Commissioner

[marie.grant1@maryland.gov](mailto:marie.grant1@maryland.gov)

**Joy Hatchette**

Deputy Commissioner and

Acting Associate Commissioner, Property & Casualty Insurance

[joy.hatchette@maryland.gov](mailto:joy.hatchette@maryland.gov)

# Agenda - January 22, 2026 Senate Finance Committee Briefing

## **Maryland Auto**

- Maryland Auto's Statutory Purpose and Recent Enrollment
- Maryland Auto's Financial Condition & Assessments of the Private Market
- Maryland Auto's Progress on Coming into Compliance with the MIA Order
- Statutory Minimum Surplus Requirement for Maryland Auto Effective December 31, 2026

## **Workgroup Study and Report on the Affordability of Private Passenger Auto Insurance**

- Workgroup Composition and Study Charges
- MIA Departmental Bill in Furtherance of Certain Workgroup Recommendations
- Workgroup Recommendations that can be Implemented Administratively
- Workgroup Recommendations that would Implicate other State Agencies

## **2025 Rate and Underwriting Trends in the Private Passenger Auto Insurance Market**

## **Updates on the Implementation of Telematics Programs by Private Passenger Auto Insurers**

- MIA 2025 Telematics Survey Report
- Benefits of and Concerns with Telematics Programs

# Maryland Auto - Purpose and Recent Enrollment

- Maryland Auto is a quasi-governmental agency established under Title 20 of the Insurance Article to provide auto insurance to high-risk drivers unable to obtain coverage through the private market.
- As of December 31, 2025 there were 32,645 Maryland Auto policies in force - a 29% drop in the past year.
  - Maryland Auto's lowest enrollment in the past 5 years was 22,113 at the end of 2021.
- When Maryland Auto's year-end surplus drops below a threshold calculated pursuant to § 20-404, it accesses funding to ensure its solvency through an assessment on the private market. Private insurers may, and typically do, pass their portion of an assessment onto their policyholders as an assessment surcharge.
- Over the past several years, Maryland Auto's surplus steadily eroded, primarily due to rate inadequacies.
- In 2025, Maryland Auto (through the Maryland Industry Automobile Insurance Association) assessed the private market for \$19.4 million. This was the first time it issued an assessment in 36 years.
- Another assessment will be issued in 2026, and likely 2027 too.
- Maryland Auto is regulated by the MIA and its rates are subject to review by the MIA (§ 20-507).

# MIA Order Concerning Maryland Auto's Affordability Index

- Maryland Auto uses an Affordability Index to cap liability base rates (for minimum legally required coverage) at 3.3% of the median household income in ZIP codes with territorial base rates above this threshold.
- In December 2024, the MIA issued an order requiring Maryland Auto to phase out the use of its Affordability Index. The order stated that the Affordability Index violates rating principles codified in Title 11, Subtitles 2 and 3 of the Insurance Article, for which there is no statutory language exempting Maryland Auto.
  - §§ 11-205 and 11-306: Rates may not be inadequate or unfairly discriminatory.
    - “Unfair discrimination, as the term is employed by the Insurance Code, means discrimination among insureds of the same class based upon something other than actuarial risk.” *Insurance Commissioner v. Engleman*, 345 Md. 402, 413 (1997).
  - Rates may not be based wholly or partly on geographic area itself, as opposed to underlying risk considerations, even though expressed in geographic terms. Rather, pursuant to §§ 11-216 and 11-319, the use of territories must be actuarially justified.
- In March 2025, at the request of Maryland Auto, the MIA amended the order by extending the grace period for Maryland Auto to phase out use of its Affordability Index to December 31, 2027, with a plan due for the phase out by March 1, 2026.

**Maryland Automobile Insurance Fund**

**Pro Forma Income Statement \***

**Insured Division**

	<b>Actual 2024</b>	<b>YTD 3Q 2025</b>	<b>Projected YE 2025</b>	<b>Budget YE 2026</b>
<b>Underwriting Income</b>				
Net Premium Written	\$128,427,226	\$74,519,156	\$93,202,838	\$85,349,861
Net Premium Earned	\$122,709,427	\$88,833,400	\$113,976,725	\$89,276,350
<b>Deductions</b>				
Losses Incurred	\$99,056,175	\$76,505,766	\$94,081,463	\$73,609,632
Loss Expense Incurred	\$22,285,138	\$14,767,958	\$18,607,310	\$19,054,211
Commissions Paid	\$13,232,713	\$7,721,220	\$9,707,076	\$8,889,188
General & Administrative Costs	\$12,205,283	\$9,649,109	\$12,163,144	\$13,059,026
Premium Deficiency	\$716,727	-	-	-
<b>Total Underwriting Deductions</b>	<b>\$147,496,036</b>	<b>\$108,644,053</b>	<b>\$134,558,993</b>	<b>\$114,612,057</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$24,786,609)</b>	<b>(\$19,810,653)</b>	<b>(\$20,582,268)</b>	<b>(\$25,335,707)</b>
Investment Income	\$6,335,514	\$5,119,073	\$5,948,419	\$5,447,224
Other Income	\$294,734	\$191,897	\$342,044	\$313,224
<b>Net Income (Loss)</b>	<b>(\$18,156,361)</b>	<b>(\$14,499,683)</b>	<b>(\$14,291,805)</b>	<b>(\$19,575,259)</b>
<b>Surplus</b>				
Beginning Balance	\$19,772,764	\$3,508,934	\$3,508,934	\$10,079,403
Net Income / (Loss)	(18,156,361)	(14,499,683)	(14,291,805)	(19,575,259)
Change in Unrealized Gains (Losses) <sup>1</sup>	1,790,647	1,641,828	1,566,216	-
Change in Non-Admitted <sup>2</sup>	101,884	263,878	150,757	-
Prior Year Assessment <sup>3</sup>	-	19,145,301	19,145,301	14,907,550
<b>Ending Balance</b>	<b>\$3,508,934</b>	<b>\$10,060,258</b>	<b>\$10,079,403</b>	<b>\$5,411,694</b>
<b>Assessment Threshold</b>	<b>\$22,958,652</b>		<b>\$24,986,953</b>	<b>\$22,444,711</b>
<b>Excess (Deficit) Surplus</b>			<b>(14,907,550)</b>	<b>(17,033,017)</b>

**Key takeaways:**

- Projections for 2025 and 2026 show a decrease in premium written and underwriting deductions from 2024.
- Loss expense incurred rises in 2026, though losses are lower.
- Commissions are approximately 10% of net premiums - Maryland Auto cannot go below 10% commissions due to statute.

***Net Loss is projected to increase in 2026 causing a significant decrease in surplus and very likely necessitating an assessment of the industry again in 2027, unless other income and expenses are addressed by Maryland Auto.***

**Notes:**

**1 & 2** Change in unrealized gains (losses) and Non-Admitted assets are not included in 2026 estimates.

**3** \$19.4 million assessment = \$19.1 million excluding Maryland Auto's assessment

\* Information provided by MAIF, Projections and Budget as of November 2025.

# Maryland Auto Assessments of the Private Market

- Maryland Auto issued an assessment of approximately \$19.4 million against the private market in the spring of 2025, based on 2024 operating results. The assessment amount allocated to each of the top 10 private insurers is as follows:

Company	Assessment \$	Assessment %
State Farm Mut Auto Ins Co	\$ 3,310,968	17%
Geico Cas Co	2,218,495	11%
Progressive Select Ins Co	1,688,243	9%
Allstate Ind Co	1,630,183	8%
Erie Ins Exch	1,466,451	8%
GEICO Secure Ins Co	828,723	4%
Geico Gen Ins Co	660,684	3%
United Serv Automobile Assn	577,394	3%
USAA Cas Ins Co	566,735	3%
Progressive Specialty Ins Co	535,559	3%
<b>Top 10</b>	<b>\$ 13,483,435</b>	<b>69%</b>
MAIF	304,418	2%
<b>Top 10 + MAIF</b>	<b>\$ 13,787,852</b>	<b>71%</b>

- Maryland Auto will issue another assessment against the private market in the spring of 2026, based on 2025 operating results. The forthcoming assessment is projected to be approximately \$14.9 million.
- Based on Maryland Auto's (low) surplus level, the MIA anticipates there will be another assessment in 2027.

# Maryland Auto's Progress on Coming into Compliance with the MIA Order

- The MIA order, as amended in March 2025 at Maryland Auto's request, directed Maryland Auto to:
  - File new proposed rates with an expected implementation date of August 31, 2025;
  - Submit a plan to gradually eliminate its Affordability Index by March 1, 2026; and
  - By December 31, 2027 and thereafter, charge rates that are actuarially justified and consistent with the territory in each ZIP code to which the Affordability Index has applied, as required by §§ 11-216 and 11-319 of the Insurance Article.
- Maryland Auto implemented a rate change for new business and renewals, effective August 31, 2025, as required by the MIA order. The overall indicated rate change was +8.6%, but the overall filed change was only +2.8%.
  - For liability coverage, the indicated rate change was +11.0% and the filed change was +3.1%. The primary reason for the difference between the indicated and filed rate change was Maryland Auto's capping/suppression of rates in ZIP codes subject to its Affordability Index.
  - For physical damage coverage, the indicated change was -2.3% and the filed change was +0.2%.

# Maryland Auto's Progress on Coming into Compliance with the MIA Order

- In addition to the base rate changes, Maryland Auto's August 31st rate filing made the following revisions to its Affordability Index:
  - Reduced the number of affected ZIP codes from 50 to 47;
  - Increased the liability base rate cap for an affected ZIP code from 2.9% to 3.3% of the 2023 median household income for that ZIP code; and
  - Increased the permissible maximum rate change per ZIP code from +25% to +30%.
- Maryland Auto is not currently in violation of the MIA order, which provides a grace period for elimination of the Affordability Index and implementation of adequate rates for affected ZIP codes.
- Maryland Auto reduced the number of ZIP codes subject to the Affordability Index by 3 and modestly increased rates in affected ZIP codes.
- On January 14, 2026, Maryland Auto submitted a request for the MIA to further extend the deadline for Maryland Auto to come into compliance with the order, from December 31, 2027 to December 31, 2028. That request is under consideration by the MIA.

# New Statutory Minimum Surplus Requirement for Maryland Auto

- 2025 Maryland Laws Ch. 395 (HB 1098) authorizes the MIA to proactively regulate Maryland Auto's financial condition moving forward.
- The legislation subjects Maryland Auto to the Risk-Based Capital ("RBC") surveillance system that applies to other insurers.
  - RBC is a measure of the minimum amount of capital appropriate for an entity in consideration of its size and risk profile (e.g., asset, insurance, interest rate, and business risks). RBC requires a company with a higher amount of risk to hold a higher amount of capital. Regulators use a RBC formula to identify insurers with insufficient surplus for early intervention.
- Specifically, the legislation:
  - Requires that Maryland Auto achieve and maintain a minimum level of surplus (equal to its Company Action Level RBC, as defined elsewhere in the Insurance Article), effective December 31, 2026; and
  - Subjects Maryland Auto to prior approval ratemaking standards between July 1, 2025 and December 31, 2025, and at any subsequent time that it's surplus level is below the prescribed threshold.

# New Statutory Minimum Surplus Requirement for Maryland Auto

- Maryland Auto's Company Action RBC Level - which determines its minimum surplus requirement under the new law - is largely based on its direct premium written (DPW) amount.
- In 2024, Maryland Auto's:
  - DPW was \$128.4 million;
  - Company Action Level RBC was \$33.2 million;
  - Surplus was \$3.5 million; and
  - RBC ratio was 21%.
- Maryland Auto's projections show a significant decrease in DPW from \$128 million in 2024 to \$93.2 million in 2025 to \$85.3 million in 2026. The percentage decrease in DPW from 2024 to 2026 is 34%.
- In 2026, Maryland Auto's surplus is projected to be \$5.4 million which will likely be below its 2026 Company Action Level RBC requirement, even with a smaller RBC requirement caused by the 34% decrease in projected DPW.
- **Maryland Auto will likely be subject to prior approval rate making standards in 2026 if nothing changes, and may still need to issue an assessment in 2027.**

# Workgroup Study on the Affordability of Private Passenger Auto Insurance

- Per 2025 Maryland Laws Ch. 395 (HB 1098), a report was submitted to the MGA on January 1 summarizing the findings and recommendations (to the extent there was consensus) of a workgroup study of:
  - Possible ways to define “affordability” in the context of considering PPA insurance premium rates;
  - Factors affecting the affordability of PPA insurance in the State;
  - Options to enhance transparency surrounding and the affordability of PPA insurance premium rates;
  - How affordability can be considered in establishing PPA insurance rates consistent with ratemaking principles codified in the Insurance Article; and
  - The financial status of PPA insurers in the State and options to address excess profits by PPA insurers.
- The workgroup was chaired by the Commissioner, and also included:
  - Al Redmer (Executive Director, Maryland Auto);
  - Senator Dawn Gile (member of the Senate Finance Committee);
  - Delegate David Fraser-Hidalgo (member of the House Economic Matters Committee);
  - Nancy Egan, VP & State Government Relations Counsel, American Property Casualty Insurance Association (auto insurer trade association representative);
  - Marceline White, Executive Director, Economic Action Maryland Fund (consumer advocacy group representative); and
  - Michael McCartin, President, Joseph W. McCartin Insurance (representative of PPA insurance producers).

# Workgroup Study on the Affordability of Private Passenger Auto Insurance

- The workgroup held 4 virtual meetings during the course of its study, which were open to the public.
- Feedback from public stakeholders, including consumer advocates and members of the insurance industry, was solicited and considered by the workgroup.
- Other sources consulted by the workgroup in conducting its study and drafting its report include:
  - Laws and regulations adopted by other states;
  - Studies by insurance regulatory agencies in other states;
  - Information published by the Federal Insurance Office (“FIO”);
  - Briefings and reports published by nonprofit research organizations;
  - Data and recommendations published by the National Association of Insurance Commissioners; and
  - Aggregated information reported by insurers in rate filings and financial disclosures.
- The workgroup report can be accessed at:  
<https://insurance.maryland.gov/Consumer/Appeals%20and%20Grievances%20Reports/Affordability-of-Private-Passenger-Automobile-Insurance-2025-Workgroup-Report.pdf>.
- Recordings of workgroup meetings, stakeholder feedback, and other reference material can be accessed at: <https://insurance.maryland.gov/Consumer/Pages/Private-Passenger-Automobile-Insurance-Affordability-Workgroup.aspx>.

# MIA Departmental Bill in Furtherance of Workgroup Recommendations

The MIA is pursuing departmental legislation that would implement the workgroup recommendation for further study of how the legislature could establish an equitable and sustainable low-cost auto program or economic relief credit program to reduce the cost of PPA insurance for low-income Maryland drivers, including consideration of the following:

- Whether the program should be open to income-eligible residents with good driving records who are able to obtain coverage on the voluntary market, or limited to high-risk drivers insured through Maryland Auto;
- Whether and how coverage types and coverage limits for policies offered through a low-cost auto program should be constrained to control program costs;
- Appropriate eligibility criteria for coverage through a low-cost auto program, such as having:
  - Individual or household income below a certain threshold;
  - A good driving record or being a new driver; and/or
  - A vehicle valued below a certain amount;
- Whether a low-cost auto program should be completely self-funded via adequate rates and surcharges paid by its policyholders, or if a supplemental funding source should be designated;
- How a low-cost auto program or economic relief credit program should be administered; and
- How an economic relief credit program should be funded.

# Workgroup Recommendations that can be Implemented Administratively

## MIA:

- **The MIA should periodically report on Federal Insurance Office affordability index metrics for Maryland.**
  - The FIO index expresses the average cost of PPA liability insurance on the voluntary market in ZIP codes that are low-income or have a majority-minority population as a percentage of median family income. The FIO index does not consider affordability on the (higher risk) residual market, so these periodic reports would not include metrics for Maryland Auto's book of business.
- **The MIA should annually report to the legislature on the overall financial performance and underwriting profitability of PPA insurers in Maryland during the preceding calendar year.**
  - The MIA plans to include this information in future iterations of its Annual Report on the Effect of Competitive Rating on the Insurance Markets in Maryland (the most recent iteration can be accessed at: <https://insurance.maryland.gov/Consumer/Appeals%20and%20Grievances%20Reports/2025-Report-on-the-Effect-of-Competitive-Rating-on-the-Insurance-Markets-in-MD.pdf>.)

## Maryland Auto:

- **Maryland Auto should adjust the length of its policy terms from 12 to 6 months.**
  - Maryland Auto indicated that such action will lower down payments due from its policyholders, encourage participation in the voluntary market (by encouraging more frequent comparison shopping), and hasten its progress towards achieving rate adequacy by enabling it to realize rate adjustments in half the time.
  - **Maryland Auto should also monitor and report to the MIA on the effects of changing the length of its policy terms over the 2 years immediately following the change.**

# Workgroup Recommendations that would Implicate Other State Agencies

- **The workgroup recommends further study into the feasibility of updating the Department of Public Safety and Correctional Services system used by police officers during traffic stops so that it can connect with the Motor Vehicle Administration Online Insurance Verification Program, thereby enabling officers to accurately identify instances in which the subject of a traffic stop has been driving without insurance.**
  - Expanding enforcement capabilities in this manner may result in higher rates of compliance with Maryland PPA insurance requirements and positively impact the affordability of uninsured motorist coverage.
- **The workgroup recommends further study into towing and post-towing procedures following an accident that occurs on roadways other than State highways.**
  - The study should examine the extent to which inflated bills submitted by towing companies impact PPA premium rates, and whether legislative action may be appropriate to curtail unfair insurance billing practices by towing companies.
- **The workgroup recommends further study into whether changes should be made to Maryland's graduated licensing and traffic safety laws to reduce the frequency of collision claims and fatal crashes involving teen drivers, and to reduce the risk of bodily injury to children and rear seat passengers during collisions.**
  - Any such study should consider adverse effects that more burdensome licensure requirements could have on the economic opportunities and overall quality of life available to Maryland families.

# 2025 Rate and Underwriting Trends in the Private Passenger Auto Market

- 2023 and 2024 had significant rate increases, but rates are now leveling off.
- During 2025 we saw a sharp drop in the percentage of carriers taking rate increases.
  - 32% took a rate increase
  - 20% took a rate decrease
  - 48% filed rates that were rate neutral (0.0% change)
- In 2024, among the top 10 carriers:
  - The largest rate increase filed was **+24.2%**
  - The lowest rate increase (i.e., largest decrease) filed was only **-0.1%**
- In 2025, among the top 10 carriers:
  - The largest rate increase filed was **+3.5%**
  - The lowest rate increase (i.e., largest decrease) was **-15.0%**.
- Insurers are looking for additional ways to use outside information to price policies in a more targeted way, such as background reports, smaller size territories, and tracking actual routes being driven.

# MIA 2025 Telematics Survey Report

- In July of 2025, the MIA published a report summarizing the results of a survey it issued to the top 18 private passenger auto (“PPA”) insurers, representing 80.9% of Maryland’s market in 2023, to gather information about insurers’ implementation of telematics programs. The report can be accessed at: <https://insurance.maryland.gov/Consumer/Appeals%20and%20Grievances%20Reports/Telematics-Survey-Report-2025.pdf>.
- Survey findings:
  - 303,845 of 2,296,713 in-force policies during 2023 were enrolled in some type of telematics program, resulting in an enrollment rate of approximately 13.23%.
  - During 2023, about 31.16% of telematics program enrollees experienced a rate decrease, 23.6% experienced a rate increase, and 45.24% experienced no change in premium at the time of renewal.
  - Surveyed insurers identified more than 40 different data elements that are measured through telematics programs.

# Benefits of and Concerns with Telematics Programs

- **Benefits:**

- Telematics programs collect real-time data about individuals' driving behaviors that can enable insurers to develop more personalized and accurate risk assessments than traditional methods.
- Telematics programs provide feedback to help drivers identify and correct risky behaviors.
- Enrollees who do not drive often, do not typically drive in congested areas, and/or consistently exhibit safe driving behaviors may receive premium rate reductions.
- Telematics data might simplify and expedite the claims process by providing accurate details about events leading up to an accident.

- **Concerns:**

- The primary reason consumers enroll in telematics programs is to save money. Yet, the MIA survey found there was only a 31.16% chance enrollment would result in a premium decrease in 2023.
- Between January 1, 2024 and June 30, 2025, the MIA received 811 complaints from consumers about telematics-based rate increases, accounting for 12.4% of all PPA related consumer complaints during that period.
  - Premium rate increases that were the subject of these complaints ranged from 0.4% to 42.5%.
  - A wide range of factors, including the time of day a policyholder commutes and the fact a policyholder encounters stop-and-go traffic during their commute, were cited as giving rise to such rate increases.

# Questions?



# Contact Information

## Maryland Insurance Administration

 **800-492-6116 | 410-468-2000 | 800-735-2258 (TTY)**

 **[insurance.maryland.gov](https://insurance.maryland.gov)**



MDInsuranceAdmin



marylandinsuranceadmin



en Español: MDInsuranceAdminES



MD\_Insurance



Maryland Insurance Administration



<https://bit.ly/mdmiayoutube>



Maryland Insurance Administration



Maryland Insurance Administration