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**TESTIMONY OF  
THE  
MARYLAND INSURANCE ADMINISTRATION  
BEFORE THE  
SENATE FINANCE COMMITTEE  
MARCH 11, 2020**

**SENATE BILL 654 – MOTOR VEHICLE LIABILITY INSURANCE – PREMIUM INCREASES-  
CONSUMER COMPLAINTS**

**POSITION: OPPOSE**

Thank you for the opportunity to provide testimony in opposition to Senate Bill 654. Senate Bill 654 amends Section 27-614 of the Insurance Article by eliminating the 30-day deadline after the insurer's mailing of a required Notice of Premium Increase ("NOPI") for the recipient to file a formal protest with the Maryland Insurance Administration ("MIA"). The elimination of the deadline will allow a policyholder to protest a premium increase at any time after receiving formal notice of the increase. This will create new administrative costs for insurers that will act as upward pressure on private passenger automobile insurance rates.

Only about 3% of the 3,500 NOPI complaints received by the MIA annually are late-filed. The NOPI, which is sent out about 45-days ahead of the policy renewal date, includes the following language, **"If your protest is filed late, the Insurance Commissioner will not consider your protest."** Upon receipt of a timely filed protest, the MIA directs the insurer to hold the policy in effect during the course of our investigation of the complaint. For this reason, it is important that the MIA issues timely determinations on these complaints. Timely dispositions allow insurers to know their policy counts and earned and projected written premiums in order to properly set rates. As written, Senate Bill 654 allows a policyholder to protest a premium increase forever. This creates great uncertainty in the marketplace with respect to these key metrics.

Senate Bill 654 also mandates a new report from the MIA to the General Assembly due on or before December 1 each year beginning in 2020. In lieu of a new report, the MIA can provide the requested information within its annual report each year, which will be more efficient than creating a new report with a different due date.

The MIA respectfully requests an unfavorable report for Senate Bill 654 to avoid unnecessary uncertainty in the private passenger automobile marketplace.