



The Senate of Maryland
ANNAPOLIS, MARYLAND 21401

TESTIMONY OF SENATOR SHELLY HETTLEMAN
SB 654 – MOTOR VEHICLE LIABILITY INSURANCE-PREMIUM INCREASES -CONSUMER COMPLAINTS

I was contacted in July of last year by a constituent who was concerned that his auto insurance had risen dramatically - 58.6% over a 10 month period - after his daughter's minor fender bender. When he contacted the insurance agent, he was told to file a protest with the Maryland Insurance Administration (MIA).

The MIA subsequently denied his claim because it was filed more than 30 days after his original bill was mailed. He inquired about appeals to the mediation unit of the Office of the Attorney General but was informed that the decision by the MIA was final and no further action would be considered. In order to seek redress for an auto insurance grievance beyond the narrow window, he would have to file suit in Circuit Court.

Complaints involving auto insurance rate increases are handled by the Maryland Insurance Administration's Private Passenger Auto Protest Unit. According to the MIA, in 2018 it received 3,855 auto insurance notice of premium increase and/or surcharge complaints. The clock starts ticking to file a complaint once a statement has been mailed by the insurance company. Realistically, this puts consumers at a disadvantage if mail is not received or opened in a timely manner.

With health insurance, consumers have to file a carrier appeal within 180 days (6 months) of receiving notice that a claim was denied. The time to file a complaint with the MIA is four months from the appeal decision. There are also several reporting requirements through the Attorney General's Health Education and Advocacy Unit of the Consumer Protection Division, which prepares an annual report on the Health Insurance Carrier Appeals and Grievances Process.

Auto insurance is required in Maryland and drivers should have sufficient time to receive, process, and appeal a premium increase given its importance and impact on a family's financial bottom line. The tight timeline and lack of recourse to appeal auto rate hikes- other than through costly litigation - seems contrary to the role of the Maryland Insurance Administration to help protect consumers.

This bill, with the accompanying amendment, would change the requirement that an insured submit a protest from 30 days to within 120 days after the mailing date of the original notice. It would also require the Maryland Insurance Administration to submit a yearly report detailing the number of protests of motor vehicle liability insurance premium increases received and the insurers involved. This would bring some parity with the health insurance appeal timeframe and give consumers transparency and an opportunity for a fairer grievance process.

Respectfully, I ask for your support for SB 654.