



**SB 654- Motor Vehicle Liability Insurance - Premium Increases - Consumer Complaints**  
**Senate Finance Committee**  
**March 11th, 2020**  
**SUPPORT**

Chairwoman Kelley, Vice-Chair and members of the committee, thank you for the opportunity to submit testimony in support of Senate Bill 654. This bill will increase consumer protections for individuals who face car insurance premiums increases.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy.

Low income drivers in Maryland are required to have car insurance to operate their vehicles. This law exists for the protection of drivers. However, the price of car insurance can become a burden on low income drivers. This burden is exaggerated when a driver's car insurance premium increases. Low income drivers can find themselves paying more for their car insurance than they can handle. Currently, Maryland allows for 30 days for a consumer to challenge the increase of their car insurance premiums through a protest process. There are many reasons that a 30-day time period limits a driver's ability to respond to an increase in their premium. If the increase comes during a time of crisis, the stress from that will negatively impact information processing and decision making.<sup>1</sup> This means that consumers will have a decreased ability to protest their premium increase. Low income consumers are usually balancing several financial priorities at one time and need more time to assess the decision and impact. Removing the 30-day time period will give consumers more flexibility to address this problem.

A report from the Maryland Insurance Administration will promote transparency in the protest process. The report will show if there are any trends that affect drivers. Positive trends could be identified and bolstered. Negative trends could also be identified. This will give legislators the ability to proactively address them before the problem becomes widespread.

SB 654 will strengthen consumer protections and increase transparency by:

- Removing the 30-day time period for the protest
- Requiring a report from the Maryland Insurance Administration that will include:
  - Number of protest received
  - The insurers that were the subjects of the protests
  - The nature and dispositions of the protest

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<sup>1</sup> The Impact of Crisis-Induced Stress on Decision Making - <https://www.ncbi.nlm.nih.gov/books/NBK219168/>

*For these reasons, we encourage*



*you to vote favorable on SB 654.*