



**Testimony to the Senate Finance Committee
SB 654 – Motor Vehicle Liability Insurance –
Premium Increases – Consumer Complaints
Position: Favorable**

March 11, 2020

The Honorable Delores G. Kelley
Senate Finance Committee
3 East, Miller Senate Building
Annapolis, MD 21401
cc: Members, Senate Finance Committee

Honorable Chair Kelley and Members of the Committee:

I'm a consumer advocate and Executive Director of Consumer Auto, a group that brings together consumer-friendly auto dealers and consumer advocates to work for safety, transparency and fairness for Maryland drivers and car buyers.

Consumer Auto supports **SB 654** because we believe extending the time consumers have to contest costly car insurance rate hikes would give consumers a more adequate opportunity to respond to rate increases that can deeply impact their budget and their mobility. By mandating that the state share data about how often and how successfully consumers contest rate hikes, the bill also promises to produce helpful insights about how well the appeal process works.

Access to affordable car insurance has long been a critical concern for many Maryland drivers. The problem is particularly acute in Baltimore -- where car insurance rates that often exceed \$2,500/year make it difficult for many low- and even middle-income drivers to afford the insurance they need and a poor public transit system often leaves residents without cars struggling to reach job opportunities and services their families need. With budgets severely strained by car insurance costs, significant rate hikes pose a serious concern.

Under current rules, a driver has only 30 days to contest such an increase – and that's not 30 days from when he or she may have received notice of an increase but 30 days from the date notice was mailed to "the last known address of the insured." Thirty days is a rather narrow response window in the first place. But of course that notification letter may get delayed in the mail or need to be forwarded to a new address or may easily be misplaced by the insured or confused with junk mail solicitations or mislaid among other household detritus. Any of those problems could, under current rules, leave a consumer with very little opportunity to contest the rate hike

Extending the deadline to contest the new rates would give consumers a fairer chance to contest an unfair or unaffordable rate hike.

Consumer Auto supports SB 654 and urges the committee to give it a FAVORABLE report.

Sincerely,
Franz Schneiderman
Consumer Auto