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Testimony of American Property Casualty Insurance Association (APCIA)

Senate Finance Committee

Senate Bill 654 Motor Vehicle Liability Insurance - Premium Increases - Consumer Complaints

March 11, 2020

Letter of Opposition

The American Property Casualty Insurance Association (APCIA) represents more than 1200 insurers and reinsurers that provide critically important insurance protection throughout the U.S. and world. In combination, our members write 60% of the U.S. property casualty market. APCIA members represent all sizes, structures, and regions—protecting families, communities, and businesses in the U.S. and across the globe. In Maryland, APCIA members write over 43.4% of the personal auto market. APCIA appreciates the opportunity to provide written comments in opposition to Senate Bill 997.

Senate Bill 654 makes changes to the current law regarding notices of premium increases for personal auto policies. Under the current law found at §27-614 of the Insurance Article, an insurer must send an insured at least 45 days in advance of renewal, a written notice of premium increase to a policy due to a surcharge, a retiering or reclassification of an insured, or removal or reduction of a discount. The insured has 30 days from the insurer's mailing, to protest the increase if the insured believes it is incorrect. Senate Bill 654 would change this 30-day response requirement to no timeframe permitting an insured to protest in **perpetuity**. This is unreasonable for an insurer, as an insured could protest an increase years after the policy renewed.

The current law provides significant protections for consumers, allowing the filing of a formal protest and have the information reviewed by the insurance department. If a premium is increased more than 15%, the insured may request a hearing after the Commissioner's determination. In addition, if the Commissioner finds in favor of the insured and that the insurer acted in bad faith or acted willfully in the absence of a bona fide dispute, attorney's fees may be ordered to be paid by the insurer.

For these reasons, the APCIA urges the Committee to provide an unfavorable report on Senate Bill 654.