



191 Main Street, Suite 310 – Annapolis MD 21401 – 410-268-6871

March 11, 2020

The Honorable Delores G. Kelley, Chair
Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, MD 21401

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

Dear Senator Kelley and Members of the Committee,

On behalf of the Maryland Association of Mutual Insurance Companies (MAMIC), I respectfully request an unfavorable report on Senate Bill 654.

MAMIC is comprised of eleven mutual insurance companies that are headquartered in Maryland and neighboring states. Approximately one-half of our members are domiciled in Maryland and are key contributors and employers in our local communities. Together, MAMIC members offer a wide variety of insurance products and services and provide coverage for thousands of Maryland citizens. As mutual insurers, MAMIC members are owned entirely by our policyholders, and any profits earned are either retained by the company or returned to policyholders in the form of dividends. By contrast, stock insurers are owned by shareholders. Profits generated by a stock insurer are distributed to investors who may or may not have a policy of insurance with the company.

Maryland has a robust and effective system of consumer protection for insurance products and services, comprised of statutes and regulations that are enforced by the Maryland Insurance Administration. The statutory scheme that supports this system requires both regulated entities, such as MAMIC members, and regulators themselves, to respond promptly to consumer inquiries and complaints. The reporting requirements in Senate Bill 654, found on page 4 of the bill, demonstrates the record of the regulator on this subject and MAMIC does not oppose those reporting requirements.

MAMIC does oppose, however, the removal of the time period currently afforded a consumer for protesting a particular action of an insurer; namely, a premium increase. Insurance rating plans generally are closely regulated, and the provisions of Section 27-614 set forth the steps by which a consumer may protest a premium increase. These steps are detailed, and an essential component is that a consumer file the protest within a reasonable period of time. That period of time is 30 days. Removing that time period would permit protests to be filed at any time – months or even years after the actual premium increase occurred. It would be impracticable for both insurers and the regulators to enforce the statute with such an open-ended reporting provision.

Accordingly, MAMIC is prepared to remove its opposition to the bill if the brackets currently found on page 2, line 21 are removed, and the 30-day protest requirement remains unchanged.

Thank you for your consideration of our views.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jill Showalter', followed by a horizontal line.

Jill Showalter
MAMIC President