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MAYOR

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SB 278

February 2, 2022

TO: Members of the Senate Finance Committee

FROM: Natasha Mehu, Director of Government Relations

RE: Maryland Automobile Insurance Fund - Installment Payment Plans

POSITION: SUPPORT

Chair Kelley, Vice Chair Feldman, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 278.

SB 278 would allow the Maryland Auto Insurance Fund (MAIF) the flexibility to develop more reasonable installment plans for its policyholders. Restrictions in current law governing the installment plans have severely hampered the effectiveness of the option -- only 2% of policyholders have opted to use it.

MAIF was created to help individuals who were unable to obtain auto insurance on the private market. Their products provide a targeted means for helping to reduce the number of uninsured motorists on the road. The high down payments and the limited number of installments it is able to offer have placed MAIF in a posture different than other insurers and has caused low utilization of a promising tool to help low-income residents obtain auto insurance.

If passed, this bill would have a positive effect on some of Baltimore City's most vulnerable populations. Our low-income drivers would be able to purchase and maintain insurance policies without adding unjust financial burdens. This would help make our streets safer for drivers and pedestrians alike.

For these reasons, the BCA respectfully requests a **favorable report** on Senate Bill 278.