

Testimony of

American Property Casualty Insurance Association (APCIA)

House Environment & Transportation Committee

House Bill 1002 – Commercial Vehicles – Police Initiated Towing - Alterations

March 2, 2023

Support

The American Property Casualty Insurance Association (APCIA) is the primary national trade association for home, auto, and business insurers. Our members write approximately 82.7% of all commercial auto insurance sold in Maryland. APCIA respectfully supports House Bill 1002.

Last year, the General Assembly passed House Bill 487 (Chapter 575) which went into effect as of October 1, 2022. It provided the following:

- Required towers to file their maximum rates for police-initiated tows when they apply for the MSP tow list.
- Mandated that the State Police (MSP) establish a complaint/discipline process that includes potential suspension and expulsion of a tower from the tow list.
- Allowed vehicle owners to use the tower of their choice as long as the tower can arrive in 30 minutes or less, with some exclusions if it creates a safety risk.
- Prevented towers from exercising a lien on cargo if the cargo was owned by a 3rd party.

To allow for continued work on this issue, two key provisions of the new law do not become effective until October 1, 2023. Those provisions:

- Ban the use of “per pound billing” in Maryland on police-initiated tows.
- Require a tower to release the vehicle with payment of a 20% deposit of the amount billed if there is a dispute over the cost. The vehicle owner is still responsible for the remaining balance owed.

During the interim, APCIA participated in a Workgroup after passage of House Bill 487/Senate Bill 613. The committees asked that the workgroup, to consider among several items the following:

- Number of towers on the Maryland State Police tow list,
- Parameters for establishing fair and reasonable per pound billing rates for police initiated towing services, and
- Adequacy of the charges.

This legislation is a result of that workgroup’s efforts. Under HB1002, the 20% deposit provision noted above would be vacated, so that towers could continue to exercise a lien on a vehicle for non-payment; however, the Maryland State Police would be required to establish and publish maximum allowable rates that may be charged. A workgroup would be established consisting equally of trucking and towing industry representatives, as well as government agencies, to make recommendations on maximum allowable rates for police-initiated tows, with final

approval of the rates issued by the MSP. This is a result of long negotiations and compromise between the trucking industry and the towing industry, and we fully support this legislation.

For all these reasons, the APCIA urges the Committee to provide a favorable report on House Bill 1002.

Nancy J. Egan,

State Government Relations Counsel, DC, DE, MD, VA, WV

Nancy.egan@APCIA.org Cell: 443-841-4174