



Commissioner Marie Grant
Maryland Insurance Administration
200 St. Paul Place, Suite 2700
Baltimore, MD 21202
Cc: Kathryn Callahan, Director, Regulatory Policy

December 10, 2025

Commissioner Grant,

Thank you for the opportunity to provide comments on the draft *Work Group Report on the Affordability of Private Passenger Auto Insurance*. This is a critical topic that our clients and supporters grapple with and one that needs strong, structural reforms in order to ensure that low-and-moderate income drivers can afford to purchase this legally required product.

Process Challenges and Considerations

The Work Group and report submission has faced an expedited timeline in order to meet the deadline set in the statute. As a result, Work Group members have been asked to provide comments prior to the draft report and for the draft report with only a few days to respond. While this may be feasible for insurance producers and their lobbyists who have staff and administrative support to assist them, there are asymmetries in resources, capacity, and time between insurance producers, their trade associations, and the sole consumer voice in the Work Group. As a result, the consumer protection and economic justice perspective is more limited than desired. Should there be a future Work Group, I recommend there be an equal number of consumer and industry representatives in the composition of future work groups and a longer timeline for comments which would allow more thoughtful and robust feedback to inform deliberations.

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Specific Comments and Suggested Additions to the Report

1. Include Washington DC DISB study and findings : Suggested language below.

ADD A recent study by Washington D.C. 's Department of Insurance, Securities, and Banking (DISB) found significantly higher premiums charged to Black and Hispanic drivers than to white drivers in the District. On average, Black drivers pay 46% more than white drivers and Hispanic drivers pay 20% more. Even accounting for other factors, there remained an average premium gap of \$271 between Black and white drivers.

Include the DISB study in the appendix.

Recommendation: MIA should conduct a similar study to assess the potential of disparate impact in the cost of auto insurance for Maryland drivers.

2. **Page 13, V. Policy Options to Increase Transparency and Affordability**

*After the second sentence which reads *The workgroup also acknowledges that, in certain instances, the public benefit of a legislative or policy action may outweigh the potential adverse impact of such action on the affordability of PPA insurance.**

ADD Conversely, the public benefit of a legislative or policy action may outweigh the potential adverse impact on competitiveness or actuarial soundness.

Rationale: There may be instances when a legislative change or policy action provides important public benefits. This sentence or a similar one is necessary to provide balance to the sentence.

3. A. POLICY OPTIONS TO INCREASE THE AFFORDABILITY OF PRIVATE PASSENGER AUTOMOBILE INSURANCE IN THE STATE 1. TYPES OF RATE REGULATORY SYSTEMS IN MARYLAND AND OTHER STATES

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Page 16. The draft report extensively cites an IRC report which suggests adverse impacts on market performance of moving to a stricter rate regulatory system. It is worth noting

that the IRC is a research organization for the insurance industry. Their webpage notes that the IRC is *supported by leading property and casualty insurance companies and associations*. Therefore its findings reflect the perspective of the industry it represents and serves. Several of the purported adverse impacts may, from an affordability perspective (the central subject of this work group) be beneficial.

For example, a longer timeline from request to approval may be indicative of greater scrutiny and justification by the regulator, which from a public interest perspective is a positive development. In the same way, if the number of increased filings were due to excessive rates being rejected or questioned, that is a positive development. Finally, the approval of smaller rate increases than requested is a net positive for low-wealth drivers and consumers overall.

Recommendation: 1) either revise this entire section to provide the countervailing view that these developments demonstrate why consumer and economic justice advocates find a stricter rate regulatory system to be in the public interest; OR

2) strike the section detailing the IRC research and move it to a footnote with a sentence describing the industry and consumer perspective.

4. WORKGROUP DISCUSSION AND RECOMMENDATIONS CONCERNING OPTIONS TO INCREASE THE AFFORDABILITY OF PRIVATE PASSENGER AUTOMOBILE INSURANCE IN THE STATE

Page 25. Paragraph 1.

Other workgroup members would oppose such legislation and maintain that transitioning away from the current competitive rating system would not lower premium rates, but

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would hamper insurers' ability to implement timely adjustments to premiums rates as market conditions change and ultimately stifle competition.

1. Add rationale for why consumer advocates support stricter rate regulation or prior approval; AND modify the paragraph above as follows:

Other workgroup members would oppose such legislation and ~~maintain~~ SUGGEST that transitioning away from the current competitive rating system ~~would~~ MAY-not lower premium rates, but ~~would~~ MAY hamper insurers' ability to implement timely adjustments to premiums rates as market conditions change and ultimately stifle competition.

Paragraph 2. AFTER *Some workgroup members argue that these expenses can be substantial and contend that it is unfair for Maryland drivers who are legally required to purchase PPA insurance to shoulder these costs, particularly high salaries paid to executives of national insurance groups.*

ADD *Implementation of CA regulations limiting institutional advertising, limiting excessive compensation, and other expenses, benefited consumers. Between 1989 and 1997, insurance companies operating in California issued over \$1.18 billion in premium refunds to more than seven million policyholders. 15 Among those companies that complied with the rollback were nine of the ten largest auto insurance companies operating in California. They represented 61.4% of the marketplace¹.*

Paragraph 3. The viewpoints of consumer, civil rights, labor, financial justice members are relegated to a single sentence while the comments from NAMIC, the insurance industry trade association, was cited extensively. This creates an inaccurate perception of the arguments, gravitas, and data raised by both respondents.

¹

<https://consumerwatchdog.org/in-the-news/background-insurance-reform-detailed-analysis-california-proposition-103/>



Recommendation: Expand comments for proponents of eliminating credit scores from insurance companies which are included in the joint letter including an analysis of the

impact of credit scores in Maryland. Cite the 2023 [The One Hundred Percent Penalty](#) which examines the impact of credit score use on consumers' auto rates. In addition, cite the [2015 Consumer Reports](#) article which finds a \$1759 gap between a Maryland driver with excellent credit and poor credit. The analysis also found that someone with poor credit and no accidents pays about \$1600 more than a driver with a DUI and excellent credit.

Alternatively, strike the extensive references and quotes from NAMIC, the insurance industry trade association, if comparable references and data are not included from state and national consumer advocates.

Paragraph 4. Include the findings from Economic Action Maryland Fund and Consumer Federation of America's [report](#) which found that:

- *Maryland drivers pay dramatically different rates for auto insurance based on their zip code*
- *Zip codes that have a majority African American population pay significantly higher premiums compared to zip codes where the majority of the population is white.*

There is extensive quantitative data and analysis in the report. I would recommend equal attention and inclusion of consumer advocates perspectives and analysis be included in the report so that the coverage is balanced and equitable. I am happy to provide specific data to include in this section and suggest this inclusion.

- *Our analysis of adjacent zip codes shows that the best predictor of higher rates is, once again, the percentage of African Americans or Latinx residents in a zip code. The more people of color living in a zip code, the higher the rate charged for auto insurance. In other words, auto insurance companies are engaging in a new form of redlining - making it more costly for communities of color to insure their cars.*

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Page 26. When discussing the recommendation on whether and how to design a low-cost auto insurance program, clarify that the bullet points on what the study will consider is illustrative rather than exhaustive.

Policy Recommendations to Address Auto Insurance Affordability

While the Work Group was unable to reach consensus on numerous proposals to address affordability, it is important to note that a letter was submitted prior to the draft report signed by 11 organizations representing more than 40,000 Maryland households calling for strong systemic reforms for members, clients, and supporters. In summary, the organizations called for Maryland to:

- **Recommendation #1.** Establish a Low-Cost Auto Insurance Program
- **Recommendation #2.** Draw zip codes over larger territories to smooth the stark differences made within a two mile radius as currently exists.
- **Recommendation # 3.** Reduce the disparity in pricing between zip codes by regulating the percentage by which zip codes can vary. For example, policymakers could address the disparate impact of zip code pricing by capping the difference between zip codes to no more than 25% range.
- **Recommendation #4.** Limit passing corporate compensation and business costs onto insurance customers.

Thank you for your consideration of these comments.

Best,

Marceline White
Executive Director

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