

**Private Passenger Automobile Insurance Affordability Study Workgroup (HB 1098)**  
**DRAFT Work Plan**

**Workgroup Charges:**

1. Study the affordability of private passenger automobile insurance in the State, including factors that may contribute to premium rate increases and trends in rate increases
  - a. In fulfilling this charge, the workgroup will consider whether/how any of these factors may help explain differences in the cost of insurance in Maryland versus other states
  - b. Factors to be studied may include:
    - i. Reinsurance costs
    - ii. Underwriting and loss adjustment expenses
    - iii. Use of telematics
    - iv. Driving locations
    - v. Accident rates
    - vi. Traffic density
    - vii. Vehicle theft rates
    - viii. Auto repair costs
    - ix. Population density
    - x. Medical and legal costs (e.g., differences between PIP coverage and medical payments coverage, noneconomic damages, and third party litigation financing)
    - xi. Liability insurance requirements (e.g., State minimum liability limits and uninsured/underinsured motorist coverage requirements)
    - xii. Severe weather events
    - xiii. Auto laws (e.g., speed limits)
2. Study ways in which the term “affordability” has been or may be defined in the context of the establishment of private passenger automobile insurance premium rates.
3. Study methodologies by which affordability can be considered in establishing private passenger automobile insurance rates consistent with rate making principles codified in the Insurance Article
  - a. Maryland Auto and affordability index options
4. Study policy options to provide greater transparency regarding automobile insurance premiums and to increase the affordability of automobile insurance in the State. Policy options to be studied include:
  - a. Rate and form filing laws implemented in other states (e.g., laws that require prior approval of all rate filings or only those that would result in premium increases above a certain threshold)

- b. Litigation reform laws implemented in other states
  - c. Laws implemented in other states that restrict the use of non-driving factors to establish premium rates. Nondriving factors include credit scores, education, occupation, gender, and geographic location (e.g., ZIP code).
  - d. State-sponsored programs in other states designed to make auto insurance more accessible to low-income drivers who meet specific eligibility requirements
    - i. The California Low Cost Auto Insurance Program
    - ii. The Special Automobile Insurance Policy Program within the New Jersey Personal Automobile Insurance Plan
    - iii. “No-fault auto insurance at no cost” through the Hawaii Joint Underwriting Plan
5. Study the current financial status of private passenger automobile insurers in the State and potential options to address excess profits
  - a. Define “excess profits” using results from the study of current financial status of private passenger automobile insurers
  - b. Look at laws addressing excess profits that have been implemented in other states (e.g., New Jersey laws that require insurers to refund or credit excess profits to policyholders)
6. Solicit and consider input on matters studied from relevant stakeholders, including the reinsurance industry
7. **The report on the workgroup’s study findings and recommendations must be submitted to the Governor’s Legislative Office in early-December, and to the Governor and General Assembly by December 31, 2025**

#### **Meeting 1 - September 16, 2025 at 2PM - 4PM**

- Discuss the affordability of private passenger automobile insurance in the State, including factors that contribute to premium rate increases and trends in rate increases
- Discuss ways in which the term “affordability” has been or may be defined in the context of the establishment of private passenger automobile insurance premium rates
- Consider the National Association of Insurance Commissioners’ June 2025 Report - *2023 Auto Insurance Database Average Premium Supplement*
- Consider the Insurance Research Council’s March 2025 Brief - *Personal Auto Insurance Affordability: Countrywide Trends and State Comparisons*

#### **Meeting 2 - October 28, 2025 at 3PM - 5PM**

- Discuss methodologies by which affordability can be considered in establishing private passenger automobile insurance rates consistent with rate making principles codified in the Insurance Article
- Consider potential alternatives to Maryland Auto’s current affordability index
- Discuss policy options to provide greater transparency regarding automobile insurance premiums and to increase the affordability of automobile insurance in the State

<b>Meeting 3 - November 18, 2025 at 2PM - 4PM</b>
<ul style="list-style-type: none"><li>• Discuss the financial status of private passenger automobile insurers in the State</li><li>• Discuss ways to define “excess profits”</li><li>• Discuss potential options for addressing excess profits</li></ul>
<b>Meeting 4 - December 4, 2025 at 2PM - 4PM</b>
<ul style="list-style-type: none"><li>• Discuss any shareholder feedback not yet considered</li><li>• Finalize workgroup report</li></ul>






**\* This is a tentative work plan, which may be subject to modification. \***