



NAMIC

NATIONAL ASSOCIATION OF
MUTUAL INSURANCE COMPANIES

SHAPING OUR MUTUAL FUTURE®

**MARYLAND PPA AFFORDABILITY
WORKSHOP
GINA ROTUNNO
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RISING REPAIR COSTS

- **Auto parts are more expensive** due to inflation, advanced vehicle technology, and labor shortages.
- **Supply chain delays** mean longer, more expensive repairs.
- Labor shortages **lengthen repair times**.
- This costs the insurer more in the way of loss of use, rental expense, etc.
- More costly and complex repairs drive **higher claim payouts**, which increases premiums.
- Average new car price in 2025: \$48,900.
- Vehicles on the road average 12+ years old = **more maintenance & repair needs**.



MORE SPEEDING, CRASHES, AND DEATHS

- Many Maryland drivers commute in and around **Baltimore, the D.C. metro area, and other congested highways.**
- Urban driving carries **higher risks of collisions, theft, and costly claims.**
- Insurers factor in these location-based risks when setting rates.
- More cars on the road.
- Distracted driving, speeding, and impaired driving contribute to higher accident frequency and severity.
- Vehicle miles traveled (VMT) have rebounded to pre-COVID levels, adding more exposure.
- As the cost of cars and things they can hit increases, rates must increase.
 - Rate hikes lead to enhanced regulatory scrutiny



OTHER ADDED PRESSURES

Fraud and Theft

- Auto theft and fraudulent claims add pressure to insurance losses.
- The industry absorbs over \$308 billion in losses due to fraud (based on the 2022 CAIF assessment).

Regulatory and Liability Requirements

- State-mandated liability coverage and policy requirements increase insurer obligations and costs.

Severe Weather and Climate Risks

- Increased frequency and severity of storms, flooding, and other natural disasters are causing more auto-related claims.



Medical Inflation

- Higher healthcare costs drive up bodily injury claim payouts.

Social Inflation and Litigation Trends

- Increased frequency of lawsuits, higher jury awards, and litigation financing are leading to larger settlements.



CONCLUSION

Auto insurance prices in Maryland are being driven up by:

- **More expensive, high-tech vehicles.**
- **Rising repair and parts costs.**
- **Urban driving risks.**
- **Overregulation and litigation.**