



PPA Insurance Affordability (HB 1098) Workgroup

October 28, 2025

Marie Grant

Insurance Commissioner

marie.grant1@maryland.gov



PPA Insurance Affordability (HB 1098) Workgroup

Meeting 2 - October 28, 2025

Topics for Presentation and Discussion:

- Methodologies by which affordability can be considered in establishing PPA insurance rates consistent with ratemaking principles codified in the Insurance Article
- Potential alternatives to Maryland Auto's current affordability index
- Administrative and legislative policy options to enhance transparency surrounding and the affordability of PPA insurance premiums

Meeting Agenda:

- Presentation by Commissioner Grant (Maryland Insurance Administration) - *Options to Enhance Consumer Understanding and the Affordability of Private Passenger Auto Insurance Rates*
- Presentation by Al Redmer (Maryland Automobile Insurance Fund) - *Maryland Auto Affordability Index*
- Presentation by Marceline White (Economic Action Maryland) - *Auto Affordability in Maryland, Methodologies, Options for Consideration*
- Workgroup discussion
- *If time permits, questions/comments from the public*

Overview of MIA Presentation

- Recent Rate Trends in Maryland (follow up from discussion at prior workgroup meeting)
- Transparency and readability of consumer information
 - MIA consumer resources
 - Premium rate increase disclosure requirements under Maryland law
 - Additional disclosure recommendations by the National Association of Insurance Commissioners
- Rate Regulation
 - Types of rate filing regulatory systems
 - Maryland competitive rating laws
 - A shift towards greater scrutiny of rate filings
 - Results of the Insurance Research Council's 2024 study on rate regulation
- Non-driving rating factors
- State-sponsored no-cost and low-cost auto insurance programs
 - Hawaii No-Fault No-Cost Auto Insurance Program
 - New Jersey Special Automobile Insurance Policy
 - California Lost Cost Auto Insurance Program

Recent PPA Rate Trends in Maryland

(follow up from discussion at last workgroup meeting)

- Recent PPA rate filings indicate that premium rate increases are leveling off, as inflationary pressures have cooled and projected increases in insurers' costs and expenses have improved.
- Between January 1 and September 4 of 2025, only 4 of the top 10 PPA carriers filed any rate change.
- Indicated Rate Change v. Proposed Rate Change
 - “Indicated rate change” is the difference between the current rate level and the indicated rate level (i.e., the rate level that actuaries have projected necessary to achieve a balance between expected premium income and expected losses and expenses).
 - “Proposed rate change” is the rate change that a carrier actually files with the MIA.
- The following slide summarizes cumulative annual rate changes for the top 10 PPA carriers, based on 2024 written premium, from 2017 to 2025 (as of September 4). These carriers account for 70.4% of total written premium.
- *NOTE: While it seems that the rate of general premium increases is slowing, that does not necessarily mean that consumers should expect to see their premiums drop.*

PPA Rate Change History 2017-2025 (as of 9/4)

Top 10 Carriers Based on 2024 Written Premium

Submitted	Indicated			Proposed		
	High	Low	Range	High	Low	Range
2025	3.6%	-8.1%	11.7%	3.5%	-6.1%	9.6%
2024	30.2%	2.9%	27.3%	24.2%	-0.1%	24.3%
2023	49.7%	7.5%	42.2%	26.3%	7.5%	18.8%
2022	57.0%	9.8%	47.3%	37.1%	8.1%	29.0%
2021	27.4%	1.9%	25.5%	16.3%	1.6%	14.7%
2020	13.9%	-6.7%	20.6%	1.9%	-14.6%	16.5%
2019	16.4%	-6.3%	22.7%	7.0%	-4.1%	11.1%
2018	14.0%	-0.3%	14.3%	6.0%	-0.8%	6.8%
2017	29.0%	-1.7%	30.8%	12.5%	-3.8%	16.2%

MIA Consumer Guide to Auto Insurance

Sampling of Information about Rating

- When you apply for insurance, the insurer gathers information about your individual risk characteristics to predict the likelihood you will be in an accident or file a claim. Insurers evaluate these characteristics to determine whether their underwriting guidelines permit them to write a policy for you and, if so, to assign you a premium rate. **Risk characteristics that an insurer may rely on to rate your policy include your: driving record; geographical area; gender; age; marital status; prior insurance coverage; vehicle (age, make, and model); and credit history.**
- When assessing your driving record, an insurer assigns points for moving violations and accidents. Based on the number of points assigned to you, the insurer classifies you in a certain risk category, consistent with its underwriting guidelines or filed rating plan.
- **Some insurers review an applicant's credit history when rating a new policy. For instance, bankruptcies, late payments, and the number of credit cards you have may result in a higher premium.** An insurer may not:
 - Increase a *renewal* premium based on the credit history of the insured;
 - Apply a surcharge of more than 40% based on credit history; or
 - Use the following factors to rate a policy: the absence of or inability to obtain credit history, the number of credit inquiries, or any factor that is more than 5 years old.

The MIA's *Consumer Guide to Auto Insurance* is available at: <https://insurance.maryland.gov/consumer/documents/publicnew/autoinsuranceguide.pdf>.

MIA Consumer Guide to Auto Insurance

Sampling of Information about Premium Increases

- If your insurer used credit history as factor in rating your policy, you have the right to request that your insurer **recheck your credit history once per policy period**. If it has improved, your renewal premium may be reduced. If it has deteriorated, **this information cannot be used to increase your premium**.
- If your insurer proposes to increase your premium rate, they must send you a notice at least 45 days in advance of the effective date with the new premium rate. **When a premium increase is based on the driving record of one or more, but fewer than all, drivers insured under the policy the notice must provide you with the option to exclude the driver(s) whose record is causing the increase from the policy. You also have the option to accept and pay the increased premium, or to file a protest of the increase with the MIA.**
- Based on the experience of the group, premiums collected may not be sufficient to support the projected costs of claims. When this occurs, an insurer may file with the MIA a plan to implement a *general* rate increase. The insurer is permitted to collect premiums in accordance with the plan if they justify their rates.

The MIA's *Consumer Guide to Auto Insurance* is available at: <https://insurance.maryland.gov/consumer/documents/publicnew/autoinsuranceguide.pdf>.

MIA Comparison Guide to Automobile Insurance Rates

- This guide provides additional information about rating factors and the various types of mandatory and optional coverages. It describes minimum coverages and coverage limits required under State law as follows:
 - Bodily Injury liability coverage of \$30,000 per person or \$60,000 per accident
 - Property Damage liability coverage of \$15,000
 - Personal Injury Protection (PIP) coverage of \$2,500
 - If you meet certain conditions, Maryland Auto and some private insurers will allow you to reject PIP
 - Uninsured Motorist (UM) coverage for Bodily Injury and Property Damage in the amounts listed above
 - As of July 1, 2024, Enhanced Uninsured Motorist (EUM) coverage is the default. Claim payout can be higher with EUM than UM coverage, as it is not offset by any amount paid by the at-fault driver's policy.
- The guide is updated every 6 months. It presents scenarios based on risk characteristics of hypothetical consumers, and lists premium rates that licensed private insurers, as well as Maryland Auto, would charge such consumers.
- The guide identifies which insurers use credit as a rating factor. It indicates that several private insurers, as well as Maryland Auto, do not.
- The MIA is gathering premium quotes from insurers to include in the next edition, which should be published in February 2026. Scenarios in the next edition will include newer vehicle models and electric vehicles.

The MIA's *Comparison Guide to Automobile Insurance Rates in Maryland* (Aug. 2025) is available at:

<https://insurance.maryland.gov/Consumer/Documents/publicnew/AutoRateGuide.pdf>.



Other MIA Consumer Resources

- FAQs: Confused by increases in your auto insurance premiums?
<https://insurance.maryland.gov/Consumer/Documents/publications/Confused-by-Increases-in-Your-Auto-Insurance-Premiums.pdf>
- Automobile Insurance Rates: What impacts my costs and what can I do about it?
<https://insurance.maryland.gov/Consumer/Documents/publications/ConsumerAdvisory-Automobile-Insurance-Rates.pdf>
- Consumer Advisory: Deer-Vehicle Collisions
<https://insurance.maryland.gov/Consumer/Documents/publications/ConsumerAdvisory-Deer-Vehicle-Collisions.pdf>
- File and Use: What does it mean and how does it work?
<https://insurance.maryland.gov/Consumer/Documents/publications/ConsumerAdvisory-File-and-Use-What-Does-This-Mean-and-How-Does-It-Work.pdf>
- Tips on Shopping for Automobile Insurance
<https://insurance.maryland.gov/Consumer/Documents/publications/autoshooppingtips.pdf>
- Understanding Your Automobile Insurance Declarations Page:
<https://insurance.maryland.gov/Consumer/Documents/publications/understandingautodeclarationspage.pdf>
- Shopping for Automobile Insurance Company/Policy Comparison Worksheet:
<https://insurance.maryland.gov/Consumer/Documents/publications/autoshooppingworksheet.pdf>
- Use of Your Credit History for Auto Insurance: <https://insurance.maryland.gov/consumer/documents/credithistoryauto.pdf>

Premium Increase Notice Requirements Under MD Law

- § 27-610(a)(2) of the Insurance Article requires that, unless an insurer provides notice of its intention not to renew a PPA policy, the insurer must notify the policyholder of the renewal premium at least 45 days before it's effective.
- **An insurer is not required to explain to a policyholder the reasons for a general (across-the-board) rate increase.**
- § 27-614 requires that, at least 45 days before increasing a policy premium via a surcharge, removal/reduction of a discount, or retiering/reclassification, the insurer provide the policyholder with an explanatory notice that:
 - Is on a form approved by the Commissioner;
 - States in clear and specific terms the basis for the premium increase; and
 - Explains that the policyholder may protest the premium increase and, in the case of a premium increase of more than 15%, request a hearing before the Commissioner.
- MIA Bulletin 24-26 clarifies that notice of a premium increase based on information about an insured's driving behaviors collected through a telematics program:
 - Must identify each behavior measured through the program and included in the calculation of the increase;
 - Must specify, if applicable, that the increase was due to insufficient driving data or disenrollment; and
 - May not use vague phrases like "may have included," or "based on factors such as."

MIA Bulletin 24-26 is available at: <https://insurance.maryland.gov/Insurer/Documents/bulletins/24-26-Notice-Requirements-for-Premium-Increases-Based-on-Factors-Measured-through-a-Telematics-Program.pdf>.

Additional Disclosure Recommendations by the National Association of Insurance Commissioners

- The National Association of Insurance Commissioners has a Transparency and Readability of Consumer Information Working Group. One of the working group's charges is to develop voluntary regulatory guidance pertaining to disclosures of premium increases for property and casualty insurance products.
- The working group published a *Premium Increase Transparency Disclosure Notice Guidance for States* earlier this year, which recommends the following disclosure requirements that are not codified in Maryland law:
 - Require that PPA insurers automatically provide premium change notices, with reasonable explanations for the causes of premium increases for insurance policies in advance of *any* premium increase (including a **general premium increase**) of 10% or more; and
 - Require that a premium change notice specify the dollar impact of each major factor that led to the premium increase (**under current Maryland law, a notice of premium increase must specify the amount of the increase attributable to a telematics program and provide a specific description of other contributing factors, but the dollar impact of all such factors does not need to be specified**).

The working group's *Premium Increase Transparency Disclosure Notice Guidance for States* (2025) is available at:

<https://content.naic.org/sites/default/files/inline-files/Premium%20Increase%20Transparency%20Disclosure%20Notice%20Guidance%20for%20States.pdf>.

Types of Rate Regulatory Systems

(from most to least restrictive)

- **Determined by Commissioner:** Rates are set by the state's insurance commissioner.
- **Prior Approval:** Rate changes must be filed with and approved by the regulator before they can be implemented. Approval can be by means of a deemer provision, which indicates approval if filed rates are not denied within a specified number of days.
- **Modified Prior Approval:** Rate revisions involving change in expense ratio or rate relativity require prior approval. Rate revisions based on experience only are subject to "file and use" laws.
- **Flex Rating:** Prior approval of rate changes are required only if they exceed a specified percentage above (and sometimes below) the previously filed rates.
- **File and Use:** Rates must be filed with the regulator prior to use. Specific approval is not required.
- **Use and File:** Rates must be filed with the regulator within a specified period after they have been implemented.
- **No File:** Rate changes are not required to be filed with or approved by the regulator. However, the company must maintain records of information used to develop the rates and make them available to the regulator upon request.

Source - *2021/2022 Auto Insurance Database Report*, National Association of Insurance Commissioners (Jan. 2025):

<https://content.naic.org/sites/default/files/publication-aut-pb-auto-insurance-database.pdf>.

Maryland Competitive Rating Laws

(Title 11, Subtitle 3 of the Insurance Article)

- The Insurance Reform Act of 1995 changed the standard of review for PPA (private market) and certain other lines of P&C insurance from prior approval to file and use. The resultant “competitive rating laws” (codified at Title 11, Subtitle 3 of the Insurance Article) provide in part:
 - Each authorized insurer and designated rating organization must file all rates and supplementary rate information, as well as any changes thereto, on or before the date they become effective.
 - The MIA may not disapprove a filed PPA insurance rate as excessive unless the Commissioner has determined that the rate is unreasonably high for the insurance provided, and issued a ruling that a reasonable degree of competition does not exist in a market to which the rate is applicable.
- Several states moved from prior approval of rates to competitive rating in the 1990s to allow insurers to react quickly to business cycles by decreasing rates when claims experience is favorable, and increasing rates when claims experience deteriorates. Proponents of competitive rating maintain that:
 - Competition between insurers prevents excessive rates, because insurers are not willing to raise rates to the point where they will lose significant market share to one or more competitors; and
 - Competition encourages insurers to accept more risks, thereby making insurance more widely available.

Source - *2025 Report on the Effect of Competitive Rating on the Insurance Markets in Maryland*, MIA (May 2025):

<https://insurance.maryland.gov/Consumer/Appeals%20and%20Grievances%20Reports/2025-Report-on-the-Effect-of-Competitive-Rating-on-the-Insurance-Markets-in-MD.pdf>.

A Shift Towards Greater Scrutiny of Rate Filings

Regulators in several states have increased their scrutiny of PPA insurance rate filings through existing review processes in recent years. Further, some states have revised or sought to revise statutory rate regulatory standards.

- 2023 District of Columbia Laws 25-123 (Act 25-331)
 - Requires prior approval of any PPA insurance rate change, and provides that a rate filing is deemed approved if no determination is rendered within 90 days
 - Supplants prior file and use standard
- 2025 Vermont Laws No. 23 (H. 137)
 - Maintains pre-existing file and use standard
 - Extends the number of days prior to implementation that a PPA insurance rate filing must be submitted from 15 to 30 days, providing more lead time for regulators to scrutinize and challenge rate filings
- H.B. No. 5519 - Texas (2025 session)
 - Would have required prior approval of any PPA insurance rate change of 5% or more (flex rating standard)
 - Would have supplanted current file and use standard
- S.B. 268 - Illinois (2025 and 2026 session)
 - Would require prior approval of any PPA insurance rate change, and provide that a rate filing is deemed disapproved if no determination is rendered within 60 days
 - Would supplant current use and file standard

2024 Insurance Research Council Study on Rate Regulation

- Key findings from an IRC review of PPA rate filing measures across all states and DC between 2010 and 2023:
 - Approximately 10,200 PPA rate filings were made each year, without much variance.
 - The average number of days to approve rate filings increased by about 40%.
 - The number of filings withdrawn increased by about 40%.
 - It has become more common for regulators to approve smaller rate increases than originally requested by insurers, and the gap between filed and approved rates has widened.
 - Market concentration (measured by the Herfindahl-Hirschman Index) increased by about 9%.
 - Filing process measures and market outcomes vary by regulatory systems.
- IRC commentary on study findings:
 - Nationwide, processes to achieve approved rate filings for PPA insurance have become more cumbersome since 2010, which has negatively impacted market performance.
 - Protracted rate review processes make it more difficult for insurers to timely implement rate increases necessary to achieve rate adequacy, and push the industry towards a less competitive landscape.

Source - *IRC Study Shows Disparities in Rate Regulation for Personal Auto Insurance Has Negative Market Impacts*, IRC Press Release (Nov. 2024):
<https://www.insurance-research.org/sites/default/files/downloads/IRC%20Rate%20Regulation%20PR%2011.20.24%20BW%20FINAL.pdf>.

States that Ban Certain Non-Driving Rating Factors

Maryland PPA rating restrictions align with the majority approach (Md. Code Ann., Ins. §§ 11-306 and 27-501):

- Rates may not be inadequate (to maintain the insurer's solvency), excessive, or unfairly discriminatory (premium rate differentials cannot be based on something other than actuarial risk).
- Insurers are prohibited from collecting/using information about the race, creed, color, or national origin of applicants or insureds.

Some states have outright banned the use of certain non-driving rating factors viewed as potential proxies for unfair discrimination (e.g., due to correlation with socioeconomic status or race). Examples are listed below.

- California (Cal. Ins. Code § 1861.02; Cal. Code Regs. tit. 10, § 2632.5 and 2632.8): An insurer is only permitted to use factors mandated or expressly permitted by statute or regulation to rate a PPA policy, and must weight the relative importance of those factors as described by regulation.
 - Mandatory factors: driving safety record, miles driven annually, and years of driving experience
 - Factors that an insurer is not permitted to use include: gender, age, credit history, education, occupation, employment status, residential status, and insurance history
- Hawaii (Haw. Rev. Stat. Ann. § 431:10C-20): A PPA insurer may not base any rating standard or rating plan on age, gender, length of driving experience, credit bureau rating, or marital status.

States that Ban Certain Non-Driving Rating Factors

Examples of states that ban the use of certain non-driving rating factors (continued):

- Massachusetts (211 Mass. Code Regs. 79.04): PPA insurance rates may not be based on gender, marital status, age (except discounts for persons who are 65 years or older), occupation, income, education, homeownership, or credit history.
- Michigan (Mich. Comp. Laws Ann. § 500.2111):
 - PPA insurers are limited to using one or more of the rating factors specified by statute, and must apply the selected factors on a uniform basis across the state.
 - Insurers are prohibited from basing PPA premium rates on gender, marital status, home ownership, educational level attained, occupation, credit score, or postal zone (through territorial rating is permitted).
- North Carolina (N.C. Gen. Stat. Ann. § 58-36-10): A rating classification for PPA insurance may not be based upon age or gender.
- New York (N.Y. Comp. Codes R. & Regs. tit. 11, § 154.6A): A PPA insurer may not use occupational status or educational level as rating factors, *unless* the insurer demonstrates to the satisfaction of the Superintendent of Financial Services that the use of these factors does not result in rates that are unfairly discriminatory.

A Closer Look at Credit History (Non-Driving Rating Factor)

- **At least 4 states forbid PPA insurers from using credit history in rating:**
 - California (Cal. Ins. Code § 1861.02 and Cal. Code Regs. tit. 10, § 2632.5)
 - Hawaii (Haw. Rev. Stat. Ann. § 431:10C-207)
 - Massachusetts (Mass. Gen. Laws Ann. ch. 175E, § 4)
 - Michigan (Mich. Comp. Laws Ann. § 500.2162)
- **Several states limit how PPA insurers may engage in this practice. Examples that differ from Maryland law:**
 - Utah (Utah Code Ann. § 31A-22-320): An insurer can only use credit history as the basis for a premium discount.
 - Oregon (Or. Rev. Stat. Ann. § 746.661): If a policy was assigned a higher premium rate due to disputed credit history, the insurer shall rerate the policy retroactive to the effective date based on accurate credit history.
 - Connecticut (Conn. Gen. Stat. Ann. § 38a-686):
 - An insurer with a rating plan that uses credit history must submit to the Commissioner documentation showing how the program impacts consumers in urban versus non-urban territories, and of different ages.
 - A credit based rating score cannot be impacted by collection accounts with a medical industry code.
 - An insurer shall grant a reasonable exception to its credit based rating rules if an applicant's credit history was adversely impacted during the past 3 years by: catastrophic illness/injury, divorce, identity theft, death of a spouse/child/parent, involuntary unemployment of 3+ months, or a loss rendering their home uninhabitable.

A Closer Look at Credit History (Non-Driving Rating Factor)

- **How Maryland law limits the ways PPA insurers can use credit history** (Md. Code Ann., Ins. § 27-501):
 - An insurer may not refuse to underwrite, cancel, refuse to renew, or increase the renewal premium based on credit history.
 - An insurer may not require a particular payment plan for a policy based on credit history.
 - An insurer that uses credit history in rating a new policy shall inform an applicant at the time of application.
 - An insurer shall, on request of the applicant, provide a premium quotation that separately identifies the portion of the premium attributable to the applicant's credit history.
 - An insurer may not apply a discount or surcharge of more than 40% based on credit history.
 - An insurer may not rate a policy based on the absence of or inability to obtain credit history, the number of credit inquiries, or any credit history factor that is more than 5 years old.
 - An insurer that used credit history to rate a policy shall review the insured's credit history every 2 years or upon request by the insured, and adjust the premium rate if the insured qualifies for a more favorable credit history rating category.
- **The MIA generally recommends that consumers with good credit history consider insurers that use credit history as a rating factor, and consumers with poor credit history consider the several insurers that do not.**

A Closer Look at Territorial Rating (Non-Driving Rating Factor)

Overview of territorial rating:

- An insurer that engages in territorial rating assesses the risk of potential claims and losses based on the physical location where a vehicle is primarily parked overnight, and adjusts the location-specific base rate accordingly.
- Territorial base rates are higher for locations with higher concentrations of risk factors.
 - The likelihood of accidents leading to claims is higher in areas with high traffic density and accident rates.
 - The likelihood of criminal activity leading to claims is higher in areas with high rates of vehicle theft.
- A policyholder's premium rate may be higher or lower than the territorial base rate due to individual risk factors.
- Territories can be expressed in different geographic terms (e.g., ZIP codes or groupings of ZIP codes).
- The more policyholders an insurer has within a territory, the more data they accumulate on past losses and claims in that territory. Thus, larger insurers tend to use a greater number of smaller territories, whereas smaller insurers tend to use a lesser number of larger territories.

Territorial rating requirements under Maryland law (Md. Code Ann., Ins. §§ 11-306 and 11-319):

- A rate may not be based wholly or partly on geographic area itself, as opposed to underlying risk considerations, even though expressed in geographic terms.
- An insurer that uses territory as a factor in establishing automobile insurance rates shall submit a statement to the Commissioner certifying that: the territories used by the insurer have been reviewed within the previous 3 years; and use of the territories is actuarially justified.

A Closer Look at Territorial Rating (Non-Driving Rating Factor)

No state completely bans territorial rating by PPA insurers, but some states limit how the practice can be applied.

- New Jersey (N.J. Stat. Ann. § 17:29A-48): Territories must
 - Recognize both qualitative similarities and differences in driving environments or mix of driving environments, which may include traffic and population density, severity of loss, and the degree of homogeneity within a territory in terms of driving environments, population, and driver classification;
 - Be comprised of towns or cities which are contiguous;
 - Contain a sufficient number of exposures to result in statistically credible experience, and be defined in a manner which minimizes the effect of variability of loss in a territory on a year-to-year basis;
 - Take into account the impact of the overlapping of traffic patterns on exposure to loss;
 - Result in an equitable distribution of exposures among territories throughout the State;
 - Not result in disproportionate differences in territorial relativity factors or territorial base rates between contiguous territories with similar driving environments; and
 - Not result in unfair inter-territorial subsidization among territories with significant differences in driving environments, population density, traffic density, mix of driver classifications, and degree of severity of loss.
- Michigan (Mich. Comp. Laws Ann. § 500.2111): An insurer may group automobile insurance risks by territory, but may not establish or maintain a rate or rating classification based on the postal zone in which the insured resides.

A Closer Look at Territorial Rating (Non-Driving Rating Factor)

Examples of states that limit how PPA insurers can apply territorial rating (continued):

- California (Cal. Ins. Code § 11628)
 - A territory must be at least 20 square miles.
 - *NOTE: One reason to mandate larger territories is to broaden the socioeconomic characteristics of individuals within the territories.*
 - An insurer shall submit to the Commissioner a biennial report that contains its loss experience for each territory, including a breakdown of actual loss experience statistics by ZIP code, for examination to ensure that the territories reflect homogeneity of loss experience. The report shall include separate loss data for each type of coverage underwritten, including liability or physical damage coverage.
 - The Commissioner shall make the reported data available to the public after examination, in aggregate form by ZIP code or statewide basis so individual insurers' loss experience for specific territories are not revealed.
 - Differentiation in rates between territories shall not constitute unfair discrimination.
- Connecticut (Conn. Gen. Stat. Ann. § 38a-686)
 - Any change in territorial classifications shall be subject for prior approval by the Commissioner.
 - A rating plan that includes territorial classifications shall assign a weight of 75% to individual territorial loss cost indication and 25% to the statewide average loss cost indication.
 - *NOTE: The weighting requirement is intended to moderate the impact of territorial rating on urban areas.*

State-Sponsored Programs for Low-Income Drivers

Hawaii and New Jersey are among 12 “no-fault states” in which a driver’s policy covers bodily injury to the driver or their passengers due to an accident, regardless of who was at fault, up to the personal injury protection (“PIP”) benefits limit.

Hawaii has a program that provides free auto insurance to eligible low-income individuals.

- Generally, only one vehicle per qualifying household may be covered through the program.
- Eligibility Requirements:
 - Recipient of financial assistance payments or SSI benefits (certified by the Department of Human Services)
 - Be the sole registered owner of the vehicle
 - Possess a valid driver's license or be a permanently disabled individual unable to operate the vehicle
- Policies through the program satisfy all minimum coverage requirements under Hawaii law:
 - Bodily Injury - up to \$20,000 per person or \$40,000 per accident
 - Property Damage - up to \$10,000
 - PIP - up to \$10,000
- AIPSO administers the program on behalf of the Hawaii Joint Underwriting Plan (HJUP)
 - HJUP is an assigned-risk plan, which is comprised of all authorized insurers on the standard market. Its operational and claims costs are allocated among members based on market share.
 - AIPSO is a national, non-profit organization that provides administrative services for residual markets.

Sources - Haw. Code R. Tit. 17, Ch. 654; <https://www.aipso.com/Plan-Sites/Hawaii>; and <https://www.experian.com/blogs/ask-experian/what-states-have-no-fault-insurance/>.

State-Sponsored Programs for Low-Income Drivers

The New Jersey Special Automobile Insurance Policy (SAIP) makes limited medical coverage-only auto insurance policies available to drivers enrolled in Federal Medicaid with hospitalization at a cost of \$365 a year.

- Only one vehicle can be covered under a SAIP policy.
- Eligibility requirements:
 - Have a valid driver's license
 - Demonstrate enrollment in Medicaid when the policy is first written and at each renewal
- SAIP only covers emergency treatment immediately following an accident and treatment of serious brain and spinal cord injuries up to \$250,000, as well as a \$10,000 death benefit.
- A SAIP policy does not satisfy minimum liability insurance requirements under New Jersey law. It does not:
 - Cover outpatient treatments covered by Medicaid
 - Provide liability, collision, comprehensive, or uninsured/underinsured motorist coverage
 - A person whose property is damaged due to an accident caused by a driver that only has a SAIP policy would file for reimbursement under their own uninsured motorist coverage.
- AIPSO administers SAIP on behalf of the NJ Personal Automobile Insurance Plan (an assigned risk plan).
- The premium rate for SAIP policies is established by the Commissioner. It must be sufficient to cover the cost of writing the policy, plus a predetermined amount to offset claims paid by the Unsatisfied Claim and Judgment Fund.

Sources - NJ Rev Stat § 39:6A-3.3; https://www.nj.gov/dobi/division_consumers/insurance/saip.htm; and <https://www.aipso.com/Plan-Sites/New-Jersey>.

State-Sponsored Programs for Low-Income Drivers

The California Low Cost Auto (CLCA) insurance program helps low-income good drivers afford basic liability coverage.

- CLCA standard coverage (less than the minimum liability coverages required for standard policies):
 - Bodily Injury - up to \$10,000 per person or \$20,000 per accident
 - Property Damage - up to \$3,000
- CLCA optional additional coverage options (comprehensive coverage is not available):
 - Uninsured Motorist-Bodily Injury up to \$10,000 per person or \$20,000 per accident
 - Medical Payments up to \$1,000 per person injured
- Eligibility requirements:
 - Be at least 16 years old with a valid California driver's license
 - Have a good driving record or be a new driver
 - Meet income eligibility guidelines and own a vehicle valued at \$25,000 or less
- A person may insure no more than two vehicles through CLCA.
- CLCA is administered by the California Automobile Assigned Risk Plan, and serviced by AIPSO.
- CLCA is self-funded (by premiums and electronic transaction surcharges).
- A 5 cent assessment on each vehicle insured in the state funds CLCA advertising by the Department of Insurance.

Sources - <https://www.mylowcostauto.com/>; <https://www.aipso.com/Plan-Sites/California-Low-Cost>; <https://www.insurance.ca.gov/0400-news/0102-alerts/2024/California-s-Low-Cost-Auto-Insurance.cfm> and https://www.insurance.ca.gov/01-consumers/105-type/95-guides/01-auto/lca/upload/CLCA_2025_Legislative_Report.pdf

Questions?



Contact Information

Maryland Insurance Administration

 **800-492-6116 | 410-468-2000 | 800-735-2258 (TTY)**

 **insurance.maryland.gov**



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