Auto Insurance in Maryland

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Agenda: Auto Insurance

• What is the Maryland Insurance Administration?
• What is auto insurance
• How are auto insurance premiums developed?
• Tips to reduce premiums
• Comparison shop
• If you’re in an automobile accident
• Filing an auto insurance protest or complaint
• Contact Information
What is the Maryland Insurance Administration

The Maryland Insurance Administration (MIA) is the state agency that regulates insurance in Maryland. The MIA:

- Licenses insurers and insurance producers (agents or brokers).
- Examines the business practices of licensees to ensure compliance.
- Monitors solvency of insurers.
- Reviews/approves insurance policy forms.
- Reviews insurance rates to ensure rates are not inadequate, excessive or unfairly discriminatory.
- Investigates consumer and provider complaints and allegations of fraud.

[Video: How the MIA can help]
What is the Maryland Insurance Administration?

If you feel that your insurer or insurance producer acted improperly, you have the right to file a complaint. Examples of improper actions include:

- Improperly denying or delaying payment of all or portions of a claim;
- Improperly terminating your insurance policy;
- Raising your insurance premiums without proper notice;
- Making false statements to you in connection with the sale of insurance or processing of insurance claims; and,
- Overcharging you for services, including premium finance charges.
What is Auto Insurance?

Auto insurance is a contract between you and the insurer that protects you against financial loss. In exchange for you paying a premium, the insurer agrees to pay for certain covered losses as described in your policy.
Auto Insurance Coverage

Liability Insurance – protects policyholders and other insureds when they cause an accident. There are two types of liability coverage:

Bodily injury liability coverage – Protects you if the driver of your car causes an accident and an injured person makes a claim or files a lawsuit against you, unless the driver of your car is excluded or does not have a reasonable belief they are entitled to drive your vehicle.

Property damage liability – Protects you if the driver of your car causes an accident resulting in damage to someone else’s property, like another vehicle or other property, such as a fence, unless the driver of your car is excluded or does not have a reasonable belief they are entitled to drive your vehicle.
Auto Insurance Coverage

Maryland law requires all registered vehicle owners to carry a minimum amount of liability coverage. The coverage required by law is:

- $30,000 for bodily injury per person
- $60,000 bodily injury per accident; and
- $15,000 property damage
Auto Insurance Coverage

Uninsured Motorist (UM) coverage – protects you and other insureds under your policy’s terms when an accident is caused by a driver who does not have auto insurance coverage, does not have enough liability insurance, or when the owner of the at fault vehicle cannot be identified such as in the case of a hit-and-run.

Maryland Law requires all registered vehicle owners to carry a minimum amount of UM. The coverage required by law is:

- $30,000 for bodily injury per person
- $60,000 bodily injury per accident; and
- $15,000 property damage

Maryland
INSURANCE ADMINISTRATION
Auto Insurance Coverage

What happens if I have a lapse in my auto insurance coverage?

Maryland law requires that you maintain the required minimum coverage at all times while the vehicle is registered. The Motor Vehicle Administration will assess a penalty for every day that you do not maintain minimum coverage.

More details are available on the Motor Vehicle Administration’s website at:

[Auto Insurance Requirements in Maryland](#)
Auto Insurance Coverage

*Collision Coverage* – an optional coverage that you purchase to provide for payment of property damage to your insured vehicle from a collision with another vehicle or object. If you are in an accident and have collision coverage, your insurer will pay to repair your vehicle or will pay you what your vehicle was worth right before the accident occurred if your vehicle is a total loss.

*Comprehensive Coverage* – pays for damage to your car resulting from causes other than a collision, like vandalism, theft, or storm damage.

Typically, both collision and comprehensive coverage have a deductible.
Comprehensive Coverage

When it comes to auto insurance coverage, Comprehensive Coverage provides you the coverage for property damage to your insured vehicle resulting from occurrences other than collision.

- Flooding
- Theft
- Vandalism
- Glass breakage not resulting from an accident
- A vehicle striking an animal
Auto Insurance Coverage

*Personal Injury Protection (PIP)* - provides reimbursement for medical expenses arising from a motor vehicle accident for injuries to you, your passengers, or a pedestrian struck by your vehicle. It will also cover lost wages and other related expenses arising from a motor vehicle accident. Maryland law requires insurers to offer policyholders at least $2,500 in PIP. You may elect to purchase limited PIP coverage and certain individuals may be able to fully reject PIP coverage.
How are Auto Insurance Premiums Developed?

There is a wide variety of criteria considered to help the insurer in predicting the likelihood that you will be in an accident or to file a claim.

**Video: How does an Auto Insurer Determine Your Premium?**

- Age
- Sex
- Marital status
- Number of miles driven annually
- Driving record
- Credit history
- Purpose vehicle is being driven for (vehicle use)
- The location of where the vehicle is garaged
- Driving experience
- Claims history
Tips to reduce premiums

• Know the coverages you have – liability, collision, comprehensive – and know your limits and deductibles. Do these coverages and limits still make sense for your situation now?

Remember: if you drop collision or comprehensive and your car is damaged in an accident you caused – or stolen or vandalized – you will be responsible for paying for the damage or replacing your vehicle. If you have a loan on your vehicle, the lender requires that you have physical damage (Collision and Comprehensive) to protect their financial interest in the vehicle.

• Shop for insurance before you purchase a new vehicle to understand the full cost of driving your new car.
Tips to reduce premiums

• Consider whether increasing the amount of your deductible (collision and/or comprehensive) to lower your premium would be beneficial.

• Ask your insurer whether there are any discounts that might be available to you (good driver discounts, multi-policy, multi-vehicle, protective device). Not all insurers offer the same discounts.

• Have a good driving record.

• Check your credit. In Maryland, insurers may use your credit history to determine your premium when you purchase your policy subject to certain legal limitations. After you purchase your policy, your insurer cannot use your credit to raise your policy’s renewal premium. Not all insurers use your credit history, but those that do must review your credit every two years, or sooner at your request, and provide you with any premium relief you are due based on an improvement in your credit situation.
Comparison Shop

Comparison shop by looking to see if you can obtain those same coverages from another insurer at a lower cost.

• Make sure you compare policies that offer the same types of coverage with the same deductibles and coverage limits.

• Make sure the information you provide is accurate and that you provide the same information to each insurer you call.

• Ask about deductibles and when they apply.
Comparison Shop

• Ask about what is covered and what is excluded.

• Do not buy an insurance policy based solely on its price – consider the coverages, limits and the customer service, including claims service before you buy.

• Ask friends and neighbors about their experience with different insurers
Introduction to our Rate Guide

AUTO INSURANCE
A COMPARISON GUIDE TO RATES

Maryland
INSURANCE ADMINISTRATION

As of August 2020
Introduction to our Rate Guide

Scenario 10:
Single Male, Age 50. Renter.
Drives 2016 Ford F-150 XLT 4x4 4DR Crew Cab Gas 145 WB
Drives 60 miles each day total for work. Drives 25,000 miles annually.
No accidents or violations in past 3 years. Best credit history (where applicable). Receives companion policy discount.

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Premiums</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liability</td>
<td>$100,000/$300,000/$100,000</td>
</tr>
<tr>
<td>Full PIP</td>
<td>$2,500</td>
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<tr>
<td>UM</td>
<td>$100,000/$300,000/$100,000</td>
</tr>
<tr>
<td>Comprehensive</td>
<td>$250 deductible</td>
</tr>
<tr>
<td>Collision</td>
<td>$500 deductible</td>
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</table>

Scenario 11:
Single Female, Age 50. Renter.
Drives 2014 Hyundai Elantra 4DR SE WB
Drives 60 miles each day total for work. Drives 20,000 miles annually.
No accidents or violations in past 3 years. No credit history (where applicable). No companion policy discount.

<table>
<thead>
<tr>
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<th>Premiums</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liability</td>
<td>$100,000/$300,000/$100,000</td>
</tr>
<tr>
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<td>Comprehensive</td>
<td>$250 deductible</td>
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<tr>
<td>Collision</td>
<td>$500 deductible</td>
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</table>

Rates shown in this guide are total annual premiums for 22 scenarios and do not account for other variables such as discounts you may qualify for or other vehicles and age brackets.

This data is provided by the insurers and is subject to change.
Introduction to our Rate Guide

Scenario Descriptions

Rates shown in this guide are total annual premiums for 22 scenarios and do not account for other variables such as discounts you may qualify for or other vehicles and age brackets.

This data is provided by the insurers and is subject to change.

Scenario 22:
Family Rate -- Premiums include coverage for two vehicles and two drivers, with a multi-car discount and a companion homeowners discount (where available).

- **Married Male, Age 65.**
  Drives a 2015 Jeep Grand Cherokee Altitude 4x4
  Drives 20 miles each day total for work. Drives 20,000 miles annually.
  No accidents or violations in past 3 years. Best credit history (where applicable).
  
<table>
<thead>
<tr>
<th>Liability</th>
<th>$250,000/$500,000/$100,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full PIP</td>
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<td>Comprehensive</td>
<td>$250 deductible</td>
</tr>
<tr>
<td>Collision</td>
<td>$500 deductible</td>
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</tbody>
</table>

- **Married Female, Age 65.**
  Drives a 2016 Lexus
  Does not work. Drives 5,000 miles annually.
  No accidents or violations in past 3 years. Best credit history (where applicable).

<table>
<thead>
<tr>
<th>Liability</th>
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<tbody>
<tr>
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<tr>
<td>Collision</td>
<td>$500 deductible</td>
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- *Indicates those insurers that consider credit scores in determining premiums.
- n/a = Insurers that do not have rates available based on the criteria in the scenario such as an at-fault accident.

<table>
<thead>
<tr>
<th>Insurer</th>
<th>Allegany</th>
<th>Calvert</th>
<th>Charles</th>
<th>Garrett</th>
<th>Montgomery</th>
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</table>
### Introduction to our Rate Guide

**Scenario 11: Single Female, Age 50**

<table>
<thead>
<tr>
<th>Insurer</th>
<th>Allegany</th>
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<td>2781</td>
<td>3102</td>
<td>3208</td>
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</tbody>
</table>

*indicates those insurers that use credit scores in determining premiums

This guide lists those insurers writing the greatest number of insurance policies in Maryland. Individuals may not qualify for coverage with all insurers. Affiliated insurers have different underwriting standards. Within a group of insurers (i.e. State Farm or Allstate), consumers are placed in the affiliated insurer based on their risk level.
**Introduction to our Rate Guide**

Policy Comparison Worksheet  You may use this worksheet to help gather information about insurers and the automobile insurance policies they sell.

<table>
<thead>
<tr>
<th>Insurer Name</th>
<th>Telephone number</th>
<th>Financial rating</th>
<th>Insurer licensed (Yes/No)</th>
<th>Discounts offered</th>
<th>Annual premium</th>
<th>List all vehicles and drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>
Introduction to our Rate Guide

This brochure is available on our website at: Auto Insurance: A Comparison Guide to Rates or by calling us at 800-492-6116 to request a copy. Rates are updated in the guide every February and August.

Insurer phone numbers and websites are available in the back of the book.
If you’re in an Automobile Accident

• Dial 911 if needed and give the operator information about the incident and if any medical assistance or towing is needed.

• Take pictures or draw a diagram of the scene if it safe to do so.

• Remove the vehicle from the roadway and off to the side if possible.

• Talk to witnesses. Obtain names, addresses, and phone numbers.

• Cooperate with the police. Provide all information requested. Write down your incident/accident number and the officer’s name and badge number.

• Write down the location and time of the accident. Exchange information with all involved in the accident as well as insurance information.

• Contact your insurer as soon as possible and provide all information as requested.
If you’re in an Automobile Accident

Can my insurer repair my vehicle with used parts?

That depends on the specific terms of your policy. When there is property damage to an insured vehicle, most policies require the insurer to pay whichever is less – the cost to repair the vehicle or the actual cash value. The use of aftermarket or used parts in the estimation of vehicle repair costs is not prohibited by Maryland insurance law.

Unless the policy contains a provision specifying the type of parts to be used in a repair, an estimate may include original equipment manufacturer (OEM) parts, used or aftermarket parts. As the vehicle owner, you get to choose what parts go on your car; however, you may have to pay the difference out of pocket between a higher priced OEM part and an aftermarket part.
What happens if your insurer decides that your vehicle is a total loss?

If your vehicle is determined to be a total loss, your insurer will make a settlement offer reflecting the actual cash value (ACV) of the vehicle immediately prior to the loss.

You will be responsible for payment of your deductible.
What if my vehicle is a total loss?

Total Loss - the cost to repair the vehicle is 75 percent or greater than the fair market value of the vehicle immediately prior to the loss.

Your insurer is permitted to add additional costs such as the cost of a rental vehicle and potential hidden damage to the cost to repair your vehicle when calculating the 75 percent value.
What if my vehicle is a total loss?

You may request the following in writing from the insurer:

✓ Settlement offer
✓ Explanation of the method used to arrive at the offer
✓ Detailed explanation of the calculation of the motor vehicle’s total loss value, including the calculation of any value added to the motor vehicle by options
✓ A list of all the deductions that will be made from the value of the motor vehicle.
✓ A copy of the inspection guidelines relied on to determine the condition of the vehicle at the time of the loss.

The insurer is required by law to respond within seven business days of your request.
Settlement Offer

If you think your car is worth more than what the insurer offered, you can negotiate with your insurer. It's important to know that you must provide supporting documentation for your counteroffer. You can do this by getting quotes from car dealers or viewing prices and ads online for similar vehicles.
Filing an Auto Insurance Protest or Complaint

If you receive a Notice of Premium Increase or a non-renewal notice pertaining to your auto policy in Maryland, you have the right to file a protest and have your situation investigated.

Video: Protesting an Auto Rate Increase

The MIA also established a Rapid Response Program designed to help certain consumers resolve property and casualty claims (such as auto) quickly and without having to file a formal written complaint. For more information about this program, please contact us at 410-468-2340 or 800-492-6116 ext. 2340. Participation in the Rapid Response Program is voluntary and does not affect your right to file a formal complaint.

Consumers may also file a complaint by going online to the Maryland Insurance Administration’s web site at www.insurance.maryland.gov. Under Consumers, click File a Complaint.
Publications Available on the MIA’s Website

- A Consumer Guide to Auto Insurance
- Tips on Shopping for Automobile Insurance
- Understanding your Automobile Insurance Declarations Page
- An Insurance Preparedness Guide for Natural Disasters
Contact Information

Maryland Insurance Administration
800-492-6116 or 410-468-2000
www.insurance.maryland.gov

Motor Vehicle Administration
(410) 768-7000
mva.maryland.gov
Questions?
patricia.dorn@maryland.gov