



**Maryland**  
INSURANCE ADMINISTRATION

# CONSUMER ADVISORY

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## FILE AND USE: WHAT DOES THIS MEAN AND HOW DOES IT WORK

Consumers often tell the Maryland Insurance Administration (MIA) that they were told their premium went up because the state made the insurance companies increase their rates. This is not true. The MIA does not set the homeowners or auto insurance rates that your insurance company charges. Maryland is a “file and use” state. What does this mean?

### **“File and Use”**

An insurance company may decide they need to increase their rates and the premiums they charge. They can change their rates and premium formulas after they have submitted them to the MIA. This is called a “rate filing.” For certain types of insurance, including automobile and homeowners, companies can use the new rates as soon as they are submitted to the MIA. When filing their rates, the insurance company must provide information that supports the need for the rate changes they have filed. The MIA will determine whether the rate changes are adequately supported by data and comply with all Maryland statutory requirements. After reviewing a new rate filing, if the MIA determines that the insurance company did not provide enough information, the insurer may be required to submit additional information. The MIA ensures that the rates are adequate for the insurance company’s financial stability and its ability to pay claims; are not excessive; are reasonably related to all costs; and are not be based on the insured’s race, creed, color, ethnicity, or national origin. The MIA does not, however, tell any company what rates or premiums it must charge.