

COVID-19 and auto insurance: What Marylanders need to know

By Al Redmer, Jr.

During the COVID-19 emergency, health insurance has been rightly a key focus of consumers, regulators, government officials and insurance professionals. But the current crisis, one of the most profound in our country's history, is having an impact across the entire insurance industry.

Automobile insurance is a great example. As Maryland Gov. Larry Hogan and other leaders across the country have implemented stay-at-home orders, fewer cars are on the road. In the news, we see photos and video of empty highways in some of the nation's most congested corridors.

Of course, fewer cars and less driving means fewer accidents – and that means a reduction in accident claims. In other words, your automobile insurance carrier isn't paying as much money out, so they don't need to bring as much money in.

Most automobile insurers agree. According to the Consumer Federation of America, about 80 percent of automobile insurers have announced either rate relief, refunds or credits totaling about \$6.5 billion for April and May.

The Maryland Insurance Administration (MIA) has kept in close touch with all property and casualty insurers active in the state, and we have actively encouraged auto insurers to offer relief to customers. To date, we have received 45 relief filings from 34 different insurers.

In addition, we have taken the following actions:

- [We directed insurers to make reasonable accommodations](#) so that individuals and businesses do not lose coverage due to non-payment of premiums during this emergency. Reasonable accommodations may include suspension of premiums due, extension of billing due dates and premium grace periods, and waiver of installment and late payment fees.
- The MIA has encouraged insurers to [drop the "commercial use exclusion"](#) on auto policies during the State of Emergency. This allows many drivers to be protected to the full extent of their liability coverage limits when using their vehicles for things such as restaurant or grocery delivery. Citizens impacted by the COVID-19 emergency may be able to restore some income without undue insurance worries.
- Working with the state's Motor Vehicle Administration, we issued a bulletin encouraging insurers to allow businesses with [commercial fleets to put some vehicles out of service, without turning in the license plates](#), during the emergency to save on insurance costs. This will save policyholders the time and expense of turning in plates and re-registering the vehicles after the crisis ends. Of course, driving an uninsured vehicle is still illegal and can result in significant liability.

I encourage all consumers to reach out to your insurance professional to learn about what is available from your carrier in these extraordinary times.

As always, I wish you health and success as, together, we work to bring Maryland out of this crisis.

Al Redmer, Jr., is Maryland Insurance Commissioner.