



May 20th, 2024

The Honorable Wes Moore
100 State Circle
Annapolis, MD 21401

Re: Need for the Appointment of a Pro-Consumer Maryland Insurance Commissioner

Dear Governor Moore,

We, the undersigned consumer, civil rights, labor, community development, and environmental organizations, urge you to appoint a new Maryland Insurance Commissioner who is strongly pro-consumer and determined to make insurance affordable and accessible for Marylanders. Insurance Commissioner Kathleen Birrane recently announced that she plans to resign effective June 30th and return to private practice.

The appointment of an Insurance Commissioner provides an excellent opportunity to demonstrate your commitment to leave no one behind. The Insurance Commissioner oversees Maryland's auto, homeowners, life, and health insurance market. This includes rate-setting and pricing, claims handling practices, consumer complaints, and other aspects of an industry that charges Maryland consumers and businesses about \$40 billion in premium each year. The Maryland Insurance Administration (MIA) is charged with ensuring that insurance rates shall not be excessive, inadequate, or unfairly discriminatory and has a substantial impact on the lives of most Marylanders.

A pro-consumer Insurance Commissioner should work to reduce insurance costs, stop unfair discrimination, and make sure that insurance is available and affordable for everyone. Many Marylanders struggle to afford auto insurance and homeowners insurance or are victims of unfair discrimination. A Consumer Federation of America (CFA) report found that in Maryland, drivers with a perfect driving record and excellent credit pay an average annual premium of \$805 for auto insurance. But if those same drivers have fair credit their average premium rises to \$1,116—a 43% increase. And Maryland drivers with poor credit pay on average \$1,422 for auto insurance—a 77% penalty compared to drivers with excellent credit, just because of their credit information.¹

A 2021 report by CFA and Economic Action Maryland found that ZIP codes with a majority African American population pay significantly higher premiums compared to ZIP codes with a majority white population.² When consumers experience harmful bias in insurance, Black, Latino, and low-income consumers are often disproportionately affected, this is especially true for residents of Baltimore. A 2019 Abell Foundation publication proposed the creation of a Maryland Lifeline Auto Insurance program for lower-income drivers with a good record, which is necessary to make affordable auto policies available for the many thousands of Maryland drivers who cannot afford the private market insurance they are required to buy.

Although the Maryland Insurance Agency does not regulate all health insurance in the state, it oversees a significant portion of health insurance options. There's a growing crisis in our state and across the country with health insurers denying and delaying patient care and claims. In Maryland, according to the annual reports issued by the Health Education and Advocacy Unit of the Attorney General's office, there was a 79% increase in adverse decisions issued by MIA-regulated health insurance plans from 2018 to 2023.³

Furthermore, skyrocketing property insurance premiums are increasingly putting homeownership out of reach and creating barriers to affordable housing. Climate change and the unregulated global reinsurance market have pushed homeowners insurance premiums to record highs, and unprecedented premium increases and declining availability are creating unsustainable pressure on the community development organizations that lower-income Marylanders rely on to meet Maryland's housing needs.

¹ "The One Hundred Percent Penalty: How Auto Insurers' Use of Credit Information Increases Premiums for Safe Drivers and Perpetuates Racial Inequality." By Douglas Heller and Michael DeLong. Consumer Federation of America. July 31, 2023. Available at <https://consumerfed.org/reports/the-one-hundred-percent-penalty-how-auto-insurers-use-of-credit-information-increases-premiums-for-safe-drivers-and-perpetuates-racial-inequality/>.

² "Maryland Consumer Rights Coalition and Consumer Federation of America Release Report Showing the New Redlining—How Zip Codes Unfairly Affect Auto Insurance Premiums in Maryland." Consumer Federation of America. March 2, 2021. Available at https://consumerfed.org/press_release/maryland-consumer-rights-coalition-and-consumer-federation-of-america-release-report-showing-the-new-redlining-how-zip-codes-unfairly-affect-auto-insurance-premiums-in-maryland/.

³ <https://www.marylandattorneygeneral.gov/Pages/CPD/HEAU/annualreports.aspx>

Reducing insurance costs and eliminating harmful discrimination will require substantial structural reforms and a Commissioner committed to seeing them through. This will include implementing testing of insurers' algorithms and use of big data for bias, more intensive review of insurance company rate filings, and strong market conduct enforcement. It needs a Commissioner who will use MIA's expertise to pursue legislative reforms, such as a prohibition on price setting that considers socio-economic characteristics of customers (such as pricing based on credit score, job title, or level of education) and the creation of a low-cost auto insurance program for low-income drivers. As temperatures rise and flooding increases due to climate change, we need the Commissioner to provide guidance to Maryland insurers on ways to manage risk without exacerbating existing inequalities or engaging in a new form of redlining. Lastly, Marylanders, especially our most vulnerable residents, will benefit from a Commissioner who will help ensure there are protections in place that allow patients to use their health plans to get the care they need when they need it.

We would be pleased to meet with you and your staff to both discuss the opportunity to appoint a true consumer leader as well as the critical issues and opportunities that will face the next Maryland Insurance Commissioner.

Sincerely,

Marceline White, Executive Director, Economic Action Maryland

Doug Heller, Director of Insurance, Consumer Federation of America

Ashiah Parker, Executive Director, No Boundaries Coalition

Christopher C. Cano, Director of Political & Legislative Affairs, SEIU Local 500

Claudia Wilson Randall, Executive Director, Community Development Network of Maryland

Debra Gardner, Legal Director, Public Justice Center

Denise Gilmore, Legislative Director, AFSCME Maryland Council 3

Kali Schumitz, Vice President for External Relations, Maryland Center on Economic Policy

Lonia Muckle, Senior Policy Associate, CASH Campaign of Maryland

Martin Schwartz, President, Vehicles for Change

Matthew Girardi, Political and Communications Director, Amalgamated Transit Union Local 689

Michael Dalto, President, High Note Consulting, LLC

NaShona Kess, Executive Director, NAACP Maryland State Conference

Ninfa Amador, Policy Analyst, CASA

Patty Snee, Lead, Statewide Healthcare Issues Campaigns, Progressive Maryland

Ricarra Jones, Political Director, 1199SEIU United Healthcare Workers East