



## **Joint Chairmen's Report**

# **Maryland Automobile Insurance Fund and the Private Insurance Market**

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Commissioner

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## I. INTRODUCTION

The Joint Chairmen’s Report for the 2023 Session (the “2023 JCR”) included a direction to the Maryland Insurance Administration (the “Insurance Administration” or “Administration”) to address specific questions regarding the operations of the Maryland Automobile Insurance Fund (“MAIF”). Specifically, the 2023 JCR stated:

The committees are interested in evaluating the current Maryland Auto rating methodology as part of an effort to address the problem of declining surplus in Maryland Auto. In 2004, the Maryland Insurance Administration (MIA) produced a report on the methodology used by Maryland Auto to determine rates. The 2004 MIA report included a discussion of both adequacy and affordability of Maryland Auto rates. The committees request that MIA submit a report, in consultation with Maryland Auto, evaluating whether the current Maryland Auto rating methodology is producing rates that are adequate and affordable. The committees are concerned about whether adequate rates can be charged without increasing the number of uninsured drivers.

As part of the report, MIA should consider whether any changes need to be made to the methodology. The report should also address the sustainability of Maryland Auto in its current structure, given declining market shares, including whether adjusting eligibility requirements could improve MAIF’s sustainability while not directly competing with non-MAIF auto insurers. The report should also discuss the advantages and disadvantages of alternative models or approaches for insuring substandard business (such as Assigned Risk). Finally, MIA should include an analysis of the uninsured motorist fines and whether the current level acts as a disincentive to purchase insurance.

The 2023 JCR directive identifies four primary areas of concern:

1. MAIF’s current rating methodology<sup>1</sup>, including:
  - a. Whether MAIF’s current rating methodology is producing rates that are adequate and affordable;
  - b. The impact of MAIF’s current rating methodology on MAIF’s financial soundness and sustainability, including its declining surplus;
  - c. Whether changes need to be made to MAIF’s current rating methodology; and
  - d. The impact of MAIF’s rates on the rate of uninsured motorists and whether improving the adequacy of MAIF’s rates is likely to increase the number of uninsured motorists.

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<sup>1</sup> For purposes of the Report, the Insurance Administration understands the reference to MAIF’s “rating methodology” to mean MAIF’s consideration of affordability when setting rates for its policyholders.

2. The sustainability of MAIF in its current structure in light of MAIF’s declining market share and decreasing surplus, including:
  - a. An analysis of MAIF’s declining surplus;
  - b. MAIF’s status as the insurer of last resort and a statutory residual market mechanism<sup>2</sup>; and
  - c. The impact of adjustments to MAIF’s eligibility requirements on MAIF’s sustainability and the private motor vehicle insurance market in Maryland.
3. The advantages and disadvantages of alternative models or approaches for insuring substandard business (such as assigned risk programs).
4. An analysis of the current uninsured motorist penalties imposed under Maryland law and whether the current level acts as a disincentive to purchase insurance.

This Report addresses each of those areas of concern. For context, the Report begins with a history of MAIF, including general information regarding MAIF’s purpose, structure and status as Maryland’s insurer of last resort for motor vehicle insurance and then provides an overview of the residual insurance market in other states. The report concludes with the identification of certain short term actions that the legislature could take to better align MAIF with how residual market programs operate in other states, as well as the recommendation that a more complete and detailed actuarial study be undertaken to consider specific approaches to the Maryland residual market.

The Administration notes that it has interacted with MAIF during the development of the Report to obtain information from MAIF presented in the Report and about the residual markets in other states, including a joint visit to the Automobile Insurance Plan Service Office (which provides services to most state residual market programs) in June 2023. The Administration met with MAIF on November 6, 2023 to discuss the outline of the Report and its key conclusions, as well as to discuss MAIF’s current rates, then-impending rate filing, and funding options for MAIF. Drafts of the Report were provided to MAIF for specific comment on November 13 and 15, 2023. MAIF advised the Administration that it would not be in a position to provide comments to the Report prior to the December 1, 2023 submission date. MAIF also advised that it did not believe that the Administration “consulted” with MAIF in the Administration’s development of the Report and stated that it disagreed with multiple aspects of the Report. MAIF was invited to identify those sections of the Report, but declined to do so. MAIF indicated that it would submit a separate response following the submission of this Report.

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<sup>2</sup> As discussed below, a “residual market mechanism” is a program established by a state to make insurance (in this case motor vehicle insurance) available to consumers who are unable to purchase insurance in the private (i.e. voluntary) insurance market.

## II. EXECUTIVE SUMMARY

MAIF's primary statutory mission and mandate is to provide mandatory motor vehicle insurance to high risk consumers for whom that coverage is unavailable in the private insurance market, typically because of driving and/or claims history. As such, MAIF serves as Maryland's residual market mechanism for motor vehicle insurance – the insurer of last resort for Marylanders.

MAIF's financial condition has eroded significantly over the last fifteen years, most dramatically in the last several years. The primary reason for MAIF's financial decline is the inadequacy of its rates, coupled with relatively high administrative and operating expenses for an organization of its size and nature. Given the gross inadequacy of its current rates and its expense ratios, MAIF is not self-sustaining at this point. It requires subsidies in the form of industry assessments or the diversion of other state revenues to MAIF to remain solvent.

The reasons for MAIF's challenging financial condition are discussed in detail in this Report. In summary, in the early 2000s, MAIF determined that its mission as the insurer of last resort also required it to consider the affordability of MAIF's premium, particularly in Baltimore City where loss experience and, thus, premium have traditionally been high. MAIF takes the position that if its rates are too high, the uninsured motorist rate in Maryland will grow. The MIA has not found evidence to support the proposition that the number of uninsured drivers in Maryland will change if MAIF's rates are higher. While MAIF is unusually large for a residual market mechanism, MAIF writes a very small percentage of Maryland drivers – about 1%. Further, there is no year in which MAIF took a rate increase that the MVA's reported rate of uninsured drivers for that year also increased.

MAIF has taken an aggressive approach to keeping its rates down, resulting in rates that are almost 30% inadequate overall. MAIF reports that 11,160 of its 29,712 in-force policies (37.5%) receive an average rate subsidy of 8.9% of the liability coverage base rate. Presently, Baltimore City residents comprise about 8.5% of MAIF's policies, while 38% of its policies receive some level of benefit from MAIF's use of an affordability index to set rates by geographic areas. This approach is somewhat blunt in that it does not address the actual economic need of any specific household, but, rather makes affordability assumptions by geographic region. Likewise, it does not take private insurer rates into consideration as a benchmark for actual comparative pricing.

No other state residual market program uses an affordability index when setting rates. Rates are generally set based on anticipated costs – claims, claim costs and administrative expenses. Only one other state, New York, considers affordability when setting program rates, using private market rates as a check against the higher assigned risk program rates. In several other states, consumers are eligible for the residual market program if the consumer could not find coverage or coverage for less than the program's rates. For these states, residual market program affordability is determined with reference to the private insurance market (either in setting the rate or as an eligibility criterion).

The MIA also notes that MAIF does not use a credit score as a rating factor. Maryland law does permit insurers to use a credit score that considers credit history as a limited rating factor for

personal auto insurance in a limited fashion for a new policy. At renewal, credit scoring changes can only be used to reduce premium and credit scores must be revisited every two years.<sup>3</sup> Credit scores are considered by most other private passenger motor vehicle insurers in the state. A consumer that could qualify for insurance in the private insurance market may be incentivized to seek coverage from MAIF or to remain with MAIF if their premium in the private insurance market is significantly higher because of credit scoring. That targeted concern, however, can be addressed most directly for that specific subset of consumers by taking the approach of the eighteen (18) states that include the inability to obtain insurance at rates not exceeding the rates applicable under the state program in their eligibility criteria.

The MIA also notes that, from the perspective of the consumer, the affordability of insurance acquired from MAIF is impacted by the fact that 87.7% of MAIF policyholders rely on premium financing to pay their insurance premium. The interest rates, other fees and charges imposed by premium financing companies increases the actual cost of insurance to the consumer, eroding some or all of the benefit of MAIF's efforts to keep rates down.

As the 2023 JCR notes, MAIF's market share has been declining. That, however, is not a bad thing. Residual market mechanisms like MAIF exist to address a gap in the private insurance market, not to compete with the private insurance market. Maryland drivers, including non-standard risk drivers, have more options today than they did when MAIF was formed in 1972. As demonstrated below, the decline in MAIF's market share is going to the private market, which is better able to absorb and spread that risk directly as part of each insurer's risk pool. Efforts by MAIF to hold onto market share (even if that targets better risk drivers) will not significantly impact MAIF's performance or cause it to become self-sustainable, as long as MAIF fails to improve the adequacy of its rates and expense ratios.

As discussed in Section II, over time, the traditional approach of assigning non-standard risks to private insurers in accordance with their market share has shifted to state-wide risk pools that resemble MAIF in some respects. While MAIF is a state agency, residual market pools in all other states are the responsibility of the state's private motor vehicle industry acting through a statutorily established industry association. The pools are generally administered by a third-party which sets rates to break even and the industry contributes as necessary (and typically on an annual basis) to both the baseline costs of operating the plan and to assessments needed to offset losses. Residual market mechanisms are typically smaller than MAIF, capturing a smaller percentage of the state's market, and generating smaller operating losses that are shared among the private insurance market based on each participant's share of the private market. However, the private market does incur some costs to support the residual market program on an annual basis in almost all other states.

Based on the information and analysis set forth within the Report, the Administration offers the following comments with respect to the issues identified in the 2023 JCR.

A. With respect to MAIF's rating methodology:

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<sup>3</sup> There are no limitations on the use of credit scores for commercial motor vehicle insurance policies in Maryland.

1. MAIF's current rating methodology does not produce rates that are adequate. MAIF's rates are grossly inadequate.
2. Whether MAIF's rates are actually affordable depends on the consumer. For some consumers, MAIF's rates are lower than those charged by private insurers. In other cases, MAIF's rates are higher. MAIF's market share is relatively small in comparison with Maryland's private motor vehicle insurance market, but is significantly larger than the residual market in other states. That suggests that MAIF is attracting and retaining some policyholders that could be insured in the private market, which in some cases will be based on favorable rates and, for renewal, on discounts.
3. The affordability of insurance to a MAIF policyholder needs to include consideration of the cost of premium financing, because nearly 88% of MAIF policyholders elect to finance their premium, which substantially increases the cost of their insurance. MAIF policyholders also have high cancellation rates for non-payment of premium: 23% for policyholders who pay on installment and 41% for policyholders who have financed their premium;
4. MAIF's current rating methodology and failure to take rate as warranted has had a profoundly negative impact on MAIF's financial soundness and sustainability and is the primary reason for MAIF's declining surplus;
5. Changes should be made to MAIF's current rating methodology to produce more adequate rates. To the extent that the legislature believes that affordability should be addressed for some or all MAIF policyholders, consideration should be given to rate subsidization methods that are more targeted and that address not only the amount of premium, but alternative incremental payment methods; and
6. The Administration does not believe that changes to MAIF's rates have any impact on the rate of uninsured motorists or that improving the adequacy of MAIF's rates will increase the number of uninsured motorists.

B. With respect to MAIF's sustainability:

1. Given its rate inadequacy and expense ratios, MAIF is not sustainable absent subsidies in the form of assessments or the transfer of other state revenue sources to MAIF on a regular basis.
2. MAIF's financial condition is not a result of declining market share. It results from inadequate rates and excess expenses.
3. MAIF's eligibility requirements are used by a minority of residual market mechanisms. Most states do not rely on turndowns, but on a certification

that the applicant has been unable to find coverage within the last 60 days. Presently, MAIF does not enforce or audit eligibility. The Administration's sampling of new and renewal policyholders indicated that a high percentage of the 50 MAIF insureds sampled would have been eligible for coverage in the private auto insurance market. Adjustments to eligibility requirements and/or enforcement of eligibility requirements would likely bring MAIF's population in line with the size of residual market mechanisms in other states.

C. MAIF has operated in the state for 52 years. The growth of the private insurance market for non-standard risk has impacted MAIF's size and market share and MAIF has made operational choices that have had profoundly negative impacts on MAIF's financial condition. Establishing a new residual market mechanism is not without cost or risk and will not insulate the private insurance market from assessments; residual market mechanisms in other states are the responsibility of industry and industry is routinely assessed to cover operating losses. The difference is that the residual market in other states is smaller, plan rates are more adequate, and the operational losses that industry is required to absorb are much lower. There are, however, reforms to MAIF and its oversight that can be instituted that could correct for circumstances that have led to MAIF's current financial condition. The Administration recommends that the legislature direct the Administration to perform a more detailed study to assess the cost, timing and impact on industry and consumers of either reforms to MAIF or shifting from a state funded plan to an alternative residual market mechanism.

D. The uninsured motorist penalties imposed under Maryland law have not been adjusted for over 25 years. Logic would suggest that the penalties are outdated and no longer have the deterrent effect intended at the time they were selected. Indeed, dropping coverage and paying penalties, even the maximum Maryland penalty, is less expensive than coverage for some individuals. Looking at other states and comparing minimum and maximum penalty ranges against uninsured motorist rates on a state by state basis, the data does show some correlation between the size of the penalties and the uninsured motorist rate.

### **III. OVERVIEW OF THE MARYLAND AUTOMOBILE INSURANCE FUND**

#### **A. Statutory Purpose and Mandate**

MAIF is the independent state agency that serves as Maryland's motor vehicle insurer of last resort.<sup>4</sup> MAIF was established by legislation enacted in 1972 for the express purpose of ensuring that all residents of the State would be able to comply with the State's newly enacted compulsory motor vehicle liability insurance laws.<sup>5</sup> MAIF's sole statutory mandate is to provide

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<sup>4</sup> An "insurer of last resort" is the term typically used to describe a state-mandated residual market program (like MAIF) that provides insurance coverage to high risk individuals or businesses that are unable to obtain insurance from the private insurance market.

<sup>5</sup> See 1972 Md. Laws Ch. 73.

the financial security required under § 17-103 of the Transportation Article to those eligible persons unable to obtain coverage from an insurer in the private market.<sup>6</sup>

At the time MAIF was created, the Insurance Administration was receiving “... nearly 800 complaints a month from citizens concerning their inability to obtain and maintain motor vehicle insurance in the private insurance market.”<sup>7</sup> Consumers may be unable to obtain coverage in the private market for many reasons. Insurers establish underwriting and rating strategies to capture or to avoid specific segments of the insurance market. Individuals with poor driving records or claim histories generally encounter difficulty obtaining coverage, because they do not meet the established underwriting guidelines of private insurance companies. When an individual cannot obtain insurance in the private market, they rely on residual market mechanisms (i.e. insurers of last resort) to obtain coverage. Offering that coverage to consumers who cannot obtain mandated coverages in Maryland’s private insurance market<sup>8</sup> is and remains MAIF’s sole statutory purpose.

## **B. Organizational Structure and Funding**

MAIF’s organizational structure is unique among state motor vehicle insurance residual market mechanisms. As discussed in detail below, Maryland is the only state that has established a state fund to directly issue policies of motor vehicle insurance to applicants who cannot find mandatory coverages in the private market. In other states, the responsibility for providing this coverage occurs through programs that are developed and managed directly or indirectly by the insurers who are authorized to write business in that state. In Maryland, MAIF acts as the direct insurer. The private insurance market does not participate directly in MAIF, but provides funding for MAIF through assessments when MAIF’s surplus meets certain statutory triggers.

MAIF is governed by a nine-member Board of Trustees appointed by the Governor with the advice and consent of the Senate. MAIF’s day to day operations are managed by an Executive Director.<sup>9</sup> From 1972 until July 1, 1982, the Governor appointed the Executive Director, who served at the pleasure of the Governor. Since 1982, the Board of Trustees has appointed the Executive Director.

From a funding standpoint, MAIF functions essentially as an insurance company, with all of the attendant costs associated with operating an insurance company. These costs include rent and maintenance of a physical facility; salaries and other compensation, including benefits and expenses for a Board of Trustees and an Executive Director appointed by that Board; current staffing of 170 employees; and the supplies, systems, external consultants and vendors needed to operate an insurance company. However, MAIF is very different from private insurers with respect to both the risks that it is required to write and its sources of revenue.

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<sup>6</sup> See § 20-301. **Unless otherwise indicated, all statutory references in this Report are to the Insurance Article.**

<sup>7</sup> See, Report of the Maryland Insurance Administration, *The Maryland Automobile Insurance Fund and the Private Market*, January 2004, p. 1, 5.

<sup>8</sup> In this Report, the terms “private insurance” or the “private market” refers to the members of the Industry Automobile Insurance Association which is made up of all admitted insurers that are authorized to write motor vehicle liability insurance in the State. See § 20-402.

<sup>9</sup> See § 20-203(b)(1).

While MAIF is a state agency, its operations are not funded by the State. In the first instance, MAIF (like private insurers) relies on premiums collected, allowed fees and charges, investment returns and other receipts to pay claims and claim costs and to cover operating expenses. However, because MAIF is an insurer of last resort and must take on the worst risks, MAIF has access to funding from assessments that can be imposed on private motor vehicle insurers to assure that MAIF operates with adequate surplus<sup>10</sup> and remains solvent.

The process by which MAIF can access funding through an assessment is set out in Subtitle 4 of Title 20 of the Insurance Article. All insurers licensed to write motor vehicle liability insurance or physical damage insurance in Maryland are members of the Industry Automobile Insurance Association (“IAIA”)<sup>11</sup>, which was established as part of the same statutory scheme that created MAIF. The IAIA Board receives an annual report from the MAIF Board that includes calculations that permit an analysis of MAIF’s need for an assessment to meet its statutory surplus requirements.<sup>12</sup> If the IAIA Board finds that an assessment is necessary, the IAIA Board is required to determine the assessment amount and to apportion it among IAIA member companies.<sup>13</sup> IAIA member companies are allowed to pass the assessment through to their policyholders as a line item on the policyholder’s premium bill and, historically, have always done so.<sup>14</sup>

As discussed in more detail below, MAIF was initially capitalized through an assessment and relied heavily on assessments in its early years of existence, but has not required assessment funding since 1989 (based on operating losses in calendar year 1988). MAIF’s current financial condition, its projected need for assessments starting in 2024, and the factors contributing to those conditions are discussed in Section V of this Report.

### **C. Accessing MAIF Coverage; Eligibility Criteria**

Because MAIF is a residual market mechanism that serves as the insurer of last resort for motor vehicle coverage in the State, only applicants that meet certain criteria are eligible for coverage with MAIF. Eligibility requirements assure that insurers of last resort are just that – plans that exist to provide mandatory coverages for consumers who otherwise cannot find it.

The eligibility requirements for MAIF are set out in § 20-502. An individual applying for private passenger auto (“PPA”) coverage from MAIF is required to certify that they have attempted in good faith to obtain a policy that provides state mandated coverage from at least two insurers that are members of IAIA, and have been rejected or refused by these two insurers for a reason

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<sup>10</sup> The NAIC defines Surplus as an insurance term referring to retained earnings. And further defines the Capital and Surplus Requirement as a statutory requirement ordering companies to maintain their capital and surplus at an amount equal to or in excess of a specified amount to help assure the solvency of the company by providing a financial cushion against expected loss or misjudgments and generally measured as a company's admitted assets minus its liabilities, determined on a statutory accounting basis. [https://content.naic.org/consumer\\_glossary](https://content.naic.org/consumer_glossary)  
*See also* § 20-411(a), providing that “... money that the Fund receives from the Association to pay an assessment during the calendar year shall be considered a direct contribution to surplus for purposes of the annual statement.”

<sup>11</sup> *See* § 20-401.

<sup>12</sup> *See* § 20-404(a) through (c).

<sup>13</sup> *See* § 20-405(b) through (f).

<sup>14</sup> *See* § 20-406(a).

other than nonpayment of premium. Applicants are also eligible if their standard market insurer cancelled or non-renewed their coverage for a reason other than failure to pay premium.

MAIF applicants are required to sign the following eligibility statement:

<b>APPLICANT'S ELIGIBILITY STATEMENT</b>		
<p><b>MY SIGNATURE CERTIFIES THAT THE INFORMATION IN THE BOXES CHECKED BELOW IS TRUE AND CORRECT. IF ANY OF THIS INFORMATION IS NOT FACTUAL OR IF THE PAYMENT TO BIND THIS COVERAGE IS NOT HONORED BY THE PAYOR BANK, THE APPLICATION WILL BE VOID AND NO COVERAGE AFFORDED. THIS MAY MAKE ME SUBJECT TO A FINE BY THE MARYLAND MOTOR VEHICLE ADMINISTRATION (MD MVA) FOR FAILURE TO MAINTAIN INSURANCE. I ALSO UNDERSTAND ANY PERSON WHO KNOWINGLY OR WILLFULLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR WHO KNOWINGLY OR WILLFULLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON.</b></p>		
<p><input type="checkbox"/> I am a resident of <i>and</i> principally garage my car(s) in Maryland, <i>and</i> I reside at the address shown on the application <b>AND</b></p>		
<p><input type="checkbox"/> I own or lease the car(s) I am insuring; <b>AND</b></p>		
<p><input type="checkbox"/> The car(s) I am insuring is currently registered in Maryland or I have obtained a non-resident permit issued by the MD MVA; <b>OR</b></p>		
<p><input type="checkbox"/> I have a valid Maryland driver's license issued by the MD MVA</p>		
<p><b>AND</b> My automobile liability insurance has been:</p>		
<p><input type="checkbox"/> turned down by two companies as named below: <b>OR</b></p>		
<p><input type="checkbox"/> canceled or non-renewed by one company named below for a reason other than non-payment of premium.</p>		
<p>Name of Ins. Co. _____ Name of Ins. Co. _____</p>		
<p><b>Notice to Applicants:</b> As a part of our screening process an investigative consumer report may be obtained including information regarding your residency, financial, regulatory compliance, employment background, driving record and prior insurance claim experience. All information obtained will be kept confidential by MDAuto in the ordinary course of business and is not generally available for public disclosure. Upon your written request we will furnish in writing a description of the nature and scope of the investigation requested.</p>		
<p>_____ Signature of Applicant</p>	<p>_____ Social Security Number</p>	<p>_____ Date</p>

**BINDING STATEMENT BY PRODUCER**

I certify that I have read the rules and regulations of MDAuto and explained their provisions to the applicant. I realize that any misleading information or failure to disclose required information may result in termination of my right to bind coverages. Applications must be submitted to MDAuto within 7 days.

\_\_\_\_\_  
SIGNATURE OF PRODUCER OF RECORD      DATE      PHONE      PRODUCER CODE      SUB CODE

It is important to note that this threshold standard was adopted in 1972, when private insurers had little appetite for non-standard risk and the Insurance Administration was deluged with complaints from consumers unable to find mandatory coverages. Given the state of the market at that time, this was a reasonable approach. Non-standard coverage was known to be non-existent and (as discussed below) MAIF coverage was more costly. Consumers had no incentive to remain in MAIF if coverage could be obtained elsewhere.

The private insurance market has changed dramatically since MAIF's formation in 1972. While underwriting criteria in individual companies expand and contract in response to market conditions, the overall risk appetite for non-standard motor vehicle risk drivers has grown substantially in Maryland. Nonetheless, there has been no adjustment to the eligibility criteria for MAIF or to the oversight, audit, and enforcement of that criteria.

While there is a requirement that the applicant apply in good faith, there is no requirement that the applicant (or their producer) apply only to companies likely to accept the application, even if there are such companies. For example, an applicant with a moderately bad driving record may apply to companies that only insure the best drivers, in order to obtain two rejections, even if the

applicant could obtain coverage with other private companies. This might be done because MAIF has advantages, such as lower premium, as compared to the private companies, or because a particular producer is appointed with only companies that have more restrictive underwriting standards, or for other reasons. For example, MAIF does not use credit scoring in its underwriting, but private auto insurers typically do. For some consumers, consideration of their credit score by a private insurer when considering a move from MAIF to the private insurer may increase the cost of their insurance, particularly given the inadequacy of MAIF's rates and the discounts it provides to consumers that remain with MAIF.

There also is no statutory requirement that MAIF verify the applicant's statement, and MAIF confirms that it does not do so. Rather, MAIF advises that the producer is in the best position to determine when an applicant is able to be insured by a company other than MAIF, and relies on its producers to ensure the application is completed properly. However, MAIF does not audit its producers or require its producers to verify or maintain documentation of the turndowns.

In order to obtain a policy from MAIF, an applicant must have an insurance producer. While an applicant may obtain a quote from the MAIF website, a producer is needed to complete the application process.<sup>15</sup> If an individual does not have a relationship with a producer, MAIF will assign a producer to the account. Section 20-512 allows MAIF to pay commission rates of 10% to 15% for private passenger insurance and a rate not to exceed 10% for commercial coverage. Currently, MAIF advises that its commission structure is:

**PPA commission structure:**

- 10% base commission for all PPA policy types
- Producers may receive an additional 1% for policies that are paid in full by the insured at inception
- Producers may receive an additional 0.5% on policies that remain in force for the full annual term

**CA commission structure:**

- 10% base commission for all CA policy types

The commission paid to producers for the renewal policy is the same as the commission paid on the original application.

In an effort to gain insight into whether MAIF policyholders may be able to purchase insurance outside of MAIF, the Insurance Administration conducted a high-level assessment of a sampling of current MAIF policyholders. At the Administration's request, MAIF provided a population of policyholders who acquired new policies or renewal policies from MAIF between January 1 and May 31, 2023. The Administration then compared eligibility data for these

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<sup>15</sup> MAIF appoints all licensed producers who seek an appointment. According to the Administration's records, Maryland has 11,190 resident individual producers licensed in property and casualty lines, and 1,592 agencies (business entities that provide producer services) licensed in property and casualty insurance as of November 1, 2023. Currently, MAIF has 1,280 appointed producers.

policyholders with eligibility guidelines from three private insurers that write standard and non-standard auto risk in Maryland. The results of that comparison are set forth in the following two charts.

### NEW BUSINESS SAMPLE

SAMPLE NUMBER	POLICY INCEPTION DATE	ELIGIBLE FOR COMPANY A	ELIGIBLE FOR COMPANY B	ELIGIBLE FOR COMPANY C
1	01/04/23	Yes	Yes	Yes
2	01/12/23	Yes	Yes	Yes
3	01/26/23	No	No	No
4	01/27/23	Yes	Yes	Yes
5	02/07/23	Yes	Yes	Yes
6	02/10/23	No	No	No
7	02/24/23	Yes	Yes	Yes
8	03/02/23	Yes	Yes	Yes
9	03/03/23	Yes	Yes	Yes
10	03/06/23	Yes	Yes	Yes
11	03/09/23	Yes	Yes	Yes
12	03/15/23	Yes	Yes	No
13	03/17/23	Yes	Yes	Yes
14	03/20/23	Yes	Yes	Yes
15	03/28/23	Yes	Yes	Yes
16	04/10/23	Yes	Yes	Yes
17	04/13/23	Yes	Yes	No
18	04/14/23	Yes	Yes	Yes
19	04/18/23	Yes	Yes	No
20	04/20/23	Yes	Yes	Yes
21	04/24/23	Yes	Yes	Yes
22	04/27/23	Yes	Yes	Yes
23	05/04/23	No	No	No
24	05/10/23	Yes	Yes	Yes
25	05/11/23	Yes	Yes	Yes

### REWRITE SAMPLES

SAMPLE NUMBER	POLICY INCEPTION (REWRITE) DATE	ELIGIBLE FOR COMPANY A	ELIGIBLE FOR COMPANY B	ELIGIBLE FOR COMPANY C
1	01/10/23	Yes	Yes	Yes
2	01/19/23	No	No	No
3	01/25/23	Yes	Yes	Yes
4	01/30/23	Yes	Yes	Yes
5	02/01/23	Yes	Yes	Yes
6	02/06/23	Yes	Yes	Yes
7	02/09/23	Yes	Yes	Yes
8	02/17/23	Yes	Yes	Yes
9	02/22/23	No	No	No
10	03/02/23	Yes	Yes	Yes
11	03/04/23	Yes	Yes	Yes
12	03/08/23	Yes	Yes	Yes
13	03/09/23	Yes	Yes	Yes
14	03/14/23	No	No	No
15	03/19/23	Yes	Yes	Yes
16	03/22/23	Yes	Yes	Yes
17	04/11/23	Yes	Yes	Yes
18	04/12/23	Yes	Yes	Yes
19	04/20/23	Yes	Yes	Yes
20	04/23/23	Yes	Yes	Yes
21	04/29/23	Yes	Yes	No
22	05/01/23	Yes	Yes	Yes
23	05/04/23	Yes	Yes	Yes
24	05/11/23	Yes	Yes	Yes
25	05/16/23	Yes	Yes	Yes

For new business, only three of the 25 policyholders sampled were not eligible for coverage from any of the three carriers considered by the Insurance Administration. The same was true for the 25 sample renewal policyholders. This sampling exercise is not intended to provide a definitive analysis of how many MAIF policyholders can obtain insurance in the private market. It does, however, validate concerns that MAIF’s population includes consumers that can acquire motor vehicle insurance in the private insurance market, but choose not to do so. The Administration will need to conduct a more extensive and detailed study to evaluate the percentage of MAIF’s policyholders that could secure coverage in the private market, to determine why consumers who can obtain coverage elsewhere are insured by MAIF, and to evaluate the financial impact of moving these consumers to the private market on MAIF and on those consumers.

It is also important to note that this sampling exercise only addressed eligibility. It was not possible for the Administration to accurately consider and compare the price of the alternative coverages based on information obtained from MAIF. However, as is discussed in more detail below, MAIF’s rating methodologies and rating plans do produce rates that compete with the private insurance market on premium. Since the MAIF eligibility criteria do not exclude consumers who have obtained a quote, as long as they also have (or say they have) two turndowns, nothing prevents a consumer from getting quotes and making that comparison, particularly if, as discussed below, MAIF’s premiums are lower than those available from private insurers.

#### **D. In-Force Policy Counts**

The size of the residual market fluctuates based on the same market conditions that impact the risk appetite of the private market for “non-standard risk.” The non-standard market encompasses drivers with certain risk factors which make it both expensive and difficult – but not impossible – for them to obtain insurance coverage in the standard market. However, the line between who is insurable in the non-standard market and who is uninsurable and (thus) needs coverage from the residual market fluctuates with the appetite of the private insurance market.

Historically, MAIF’s portfolio has reflected the residual market size and adjusted to changes in market conditions. For example, at the time that MAIF was created in 1972, there were few options for drivers that were not considered standard risks. In 1973, MAIF received approximately 145,000 applications resulting in the issuance of approximately 123,000 policies – a take up rate of 84%. Eleven years later, in 1984, when more coverage was available from the private market, MAIF received only 55,015 applications and issued 41,299 policies – a take up rate of 75%. By 1990, the US economy had entered a recession and insurers tightened underwriting standards (decreased capacity), which contributed to an increase in MAIF’s application volume to 163,381 applications and issued 112,757 policies – a take up rate of 69%.<sup>16</sup>

Beginning in the mid-1990s, insurers and specialty insurers began expanding capacity for the non-standard automobile insurance market.<sup>17</sup> The private market’s increased risk appetite (as measured by the increase in premium for private non-standard insurers) has correlated with a reduction in MAIF’s application volume and issued policy trends which began in the early 1990’s and which are discussed below.

MAIF’s in-force portfolio has averaged approximately 32,000 policies, representing less than 1% of Maryland’s motor vehicle liability insurance market, for the past ten years. Its in-force policy count was 29,712 as of May 31, 2023. The size of MAIF’s in-force policy count does not necessarily reflect the number of Maryland consumers that cannot buy coverage in the private market. As the sampling exercise described above demonstrates, individuals may be eligible for both MAIF and private market insurance, but may choose MAIF in the first place or remain with MAIF.

Currently, MAIF does not track the “take-up rate,” which measures the percentage of applications that result in issued policies. Instead, MAIF tracks the “conversion rate” which measures the percentage of “attempted” applications that result in a written policy. That means that anyone that goes onto the MAIF site to obtain a preliminary quote, but then does not follow through with an assigned producer to actually make an application is counted. On new applications, MAIF’s conversion rate is 12-14%.

MAIF policies have a 12-month policy period. About 50% of the policies issued by MAIF are in-force through the end of the policy period and, thus, eligible for renewal. Renewals are

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<sup>16</sup> Andrew Janquitto, *Maryland Motor Vehicle Insurance* § 20.1.

<sup>17</sup> As noted in the charts below, despite increased market capacity, Maryland’s residual market is the 6th largest in the country by written premium. This is notable because Maryland’s residual market size is greater than residual markets in states with significantly more registered vehicles on the road.

quoted using the same method as new policy applications and are processed through what MAIF refers to as a “rewrite” application. At least 60 days before expiration or renewal of the policy, MAIF must send notice to policyholders to provide certain information.<sup>18</sup> The rewrite application requires the consumer to provide the same information, including eligibility, included in the original application. The conversion rate on rewrite applications has been 70 to 75% over the past ten years. At renewal, MAIF advises its policyholders by letter to reach out to their authorized insurance producer to discuss options for their ongoing insurance needs and to ensure they maintain continuous insurance coverage.

The MAIF rewrite application letter also informs the policyholder that they may be eligible for a premium discount upon rewrite, if MAIF coverage continues. Section 20-508 (a) entitles MAIF policyholders with no violations or accidents for three continuous years of coverage to receive rates that are reasonably comparable to those charged by standard insurers. MAIF complies with this requirement by sending a letter to the insured that states:

Congratulations on maintaining your auto insurance for three years with Maryland Auto. If you have also maintained a good driving record during this period, you may qualify for a safe driver discount *lowering your rate to one reasonably compared to that charged by private insurers.*

Emphasis added.

The notice also suggests that the policyholder may be eligible for coverage from other insurers and encourages the policyholder to compare costs and consult the Administration’s rate guide. Instructions on how to access the rate guide and the Administration’s toll free number are listed in the letter.

The chart below shows the number of MAIF insureds that are eligible for the standard market, as they have had no accidents or violations for a three-year period. The numbers do not take into consideration those individuals that have accidents and/or violations during the prior three-year period, but who may also be eligible for the standard market or coverage with insurers that actively write in the non-standard market.

YEAR	NUMBER OF INDIVIDUALS
2018	2,932
2019	3,468
2020	3,704
2021	3,768
2022	3,608
<b>Total:</b>	17,480

MAIF’s Safe Driver/Continuous Coverage discounts can substantially reduce the premium payable by policyholders who stay with MAIF.

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<sup>18</sup> See § 20-520(d).

### **One-Year Discount (.85%)**

- The named insured (primary or co-owner) must have been the named insured on a private passenger policy with MAIF which remained in effect for at least 12 continuous months within the 36 months immediately preceding the inception date and all rated drivers on the current policy must have been clean during the same time period.

### **Two-Year Discount (.80%)**

- The named insured (primary or co-owner) must have been the named insured on two (2) private passenger policies with MAIF, both of which remained in effect for 12 continuous months within the 36 months immediately preceding the inception date and all rated drivers must have been clean during the same two time periods.

### **Three-Year Discount (.70%)**

- The named insured (primary or co-owner) must have been insured with MAIF on a private passenger policy for the last 36 months. There must be not more than a 30-day lapse in coverage in the preceding 36 months.

The statutory requirement that MAIF provide discounts was initiated in the 1970s and has remained unchanged since 1997, a time when there was still little overlap between the risks that private insurers were willing to write and the risks that MAIF writes. Assuring that MAIF policyholders who had no option in the private market received discounts to MAIF's notoriously high premium when their driving (and thus their risk profile) had improved was a fair and sensible public policy when it was adopted. Currently, it serves to keep people insured with MAIF in a way that competes with the private market on price, as MAIF's discount notice letter advises MAIF policyholders.

## **E. Premium and Rating Considerations**

### **1. MAIF Rating Methodologies and Considerations**

When insurance companies make rate filings, actuaries provide supporting documentation for "indicated" rate levels. Ratemaking is prospective in nature and the "indicated" rate reflects the rate level that actuaries have projected to achieve a balance between the expected premium income and the expected losses and expenses (including a profit provision that considers investment income) for a future policy period. Indicated rates fall within a range and insurers chose a rate within that range based on their business and economic purposes, including (for a private insurer) profit. Private insurers may take less than indicated rate to be competitive in the market, to capture additional market share, to maintain retention rates, etc. A private insurer's overall economic condition and portfolio mix allow them to undertake these pricing strategies.

As a residual market insurer, MAIF's indicated rate does not include profit and is based on its "break even" point; i.e. the amount of rate increase that MAIF actuaries' project is necessary to cover claims, claim costs, and operating expenses. Like private market insurers, MAIF provides

the Insurance Administration with a “proposed” rate increase level in addition to the indicated rates. The proposed rate becomes the actual rate that the insurer will “take” at the effective date of the filing.

MAIF consistently selects rates that fall significantly below its indicated rates. Unlike private insurers, MAIF is a not-for-profit monoline state plan that serves a discrete market segment and does not have the strategic flexibility that private insurers have.<sup>19</sup> Further, MAIF derives its revenue primarily from its earned premium. Consequently, if MAIF uses a rate below the full indicated rate, it will not generate enough technical underwriting revenue to cover losses and its operating costs and will be forced to use policyholder surplus to cover those losses. As policyholder surplus is eroded, MAIF will be required to assess the private market to make up the shortfall. This is what is currently happening with MAIF.

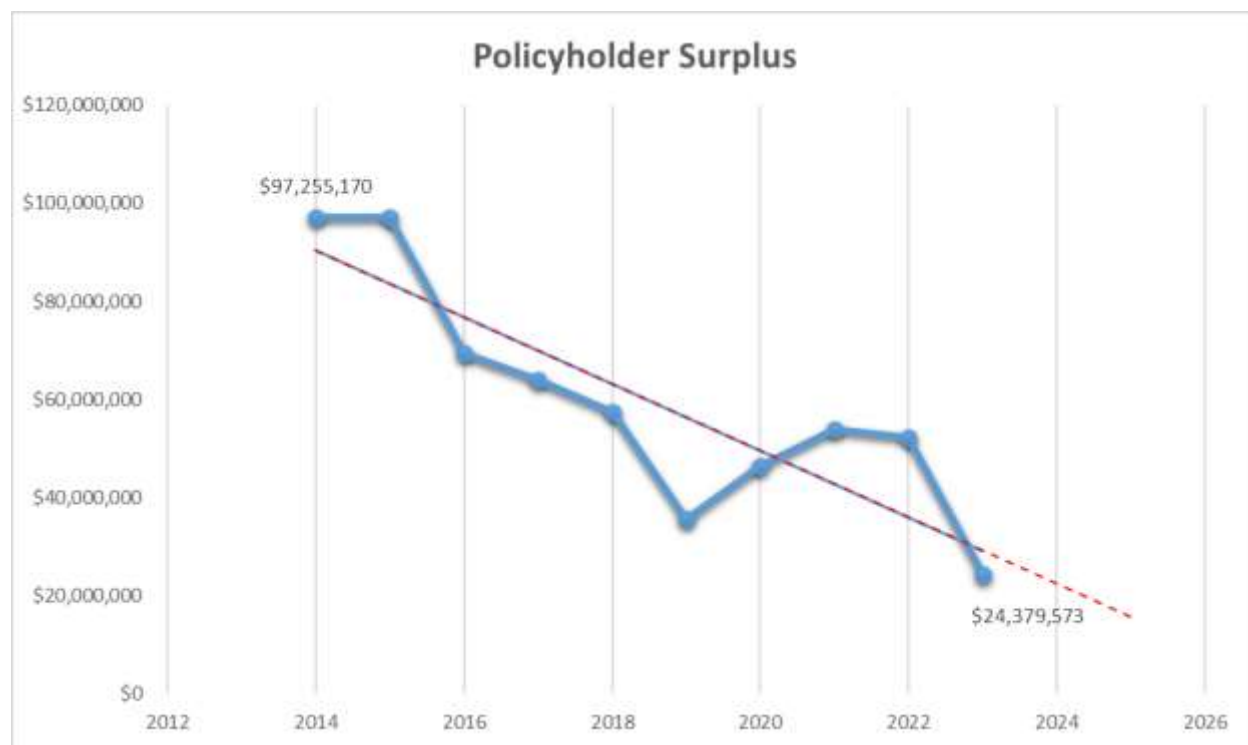
The first chart below shows the indicated and actual rates from MAIF’s rate filings over the past ten years:



Over the 10-year period from 2014 through 2023, the average annual indicated rate was 31.2% while the actual average rate taken was 3.8% creating an annual average shortfall of 27.4%. Because MAIF charged significantly less rate than it needed to break even, MAIF was forced to use its policyholder’s surplus to break even.

<sup>19</sup> MAIF writes only private passenger automobile (“PPA”) and commercial automobile insurance. The focus of this report is focused on MAIF’s PPA business, as its commercial automobile insurance book of business has very little impact on MAIF’s overall financial results. As of May 31, 2023, MAIF had 29,712 PPA policies in force and only 1,675 commercial policies. Additionally, MAIF’s PPA surplus is accounted for separately from its commercial surplus.

MAIF’s policyholder surplus peaked in 2007 at \$184,753,526. From 2007 to 2014, surplus dropped by 46% to \$97,255,170. As shown in the chart below, between 2014 and 2023, MAIF’s surplus dropped by an additional 75% to \$24,379,573.



MAIF’s surplus is discussed in more detail in Section V of this Report.

## 2. Affordability Considerations in MAIF’s Ratemaking

When setting rates, MAIF’s actuaries utilize an affordability index pegged to 2.9% of the median household income for a Geographic Rating Area (GRA) which roughly equates to the nine digit zip code. MAIF reports that 11,160 of its 29,712 in-force policies (37.5%) receive an average rate subsidy of 8.9% of the liability coverage base rate.

MAIF asserts that this approach fulfills what it characterizes as a “mandate” to keep rates affordable for economically challenged households in order to prevent policyholders from dropping coverage and driving without insurance. MAIF’s adoption of affordability as a component of its rate making strategy as a means to fulfill its statutory purpose is a relatively recent interpretation that is inconsistent with its historic practices and the plain language of its enabling legislation.

Under § 20-507, MAIF’s premium rates are determined by its Executive Director in accordance with the rating principles set forth in Title 11, Subtitle 3 of the Insurance Article, with

due consideration for the purpose of the Fund articulate in § 20-301.<sup>20</sup> The sole purpose of the Fund articulated in § 20-301 is to “provide the financial security required under § 17-103 of the Transportation Article to those eligible persons that are unable to obtain it from an Association member.” In 2004, the Insurance Administration’s annual report stated the following with respect to MAIF’s rates:

*By law, when the Commissioner reviews MAIF’s rates, consideration must not only be given to rate making principles applicable to all insurance companies, “but also to the Fund’s statutory purpose.” This has been interpreted as adding an affordability component to MAIF’s premiums which results in below adequate premiums or a subsidy for Baltimore City insureds. Historically, that subsidy has amounted to a 15% reduction in the actuarially justified rates for Baltimore City insureds.*

The record does not indicate the basis for the interpretation that affordability was a required consideration, nor whose interpretation this was. Over the most recent 10-year period, MAIF’s approach to rate subsidization has expanded beyond Baltimore City to other geographic regions of the State. Presently, Baltimore City residents comprise about 8.5% of MAIF’s policies, while 38% of its policies receive some level of benefit from MAIF’s use of an affordability index to set rates by Geographic Rating Area (Zip+4).

Accepting that it may be reasonable to consider the affordability of coverage for consumers seeking coverage from MAIF, affordability is relative, shifting, and policyholder specific – and it must be balanced against other factors, such as prudent financial oversight, responsible fiscal management, and solvency. Other states may consider affordability as an eligibility criterion or may provide direct subsidies or moderate residual market rates with reference to private insurance market rates, but no other state has adopted MAIF’s approach to rating.

MAIF’s rating approach has resulted in a 27.4% shortfall in the rates MAIF has taken over the past ten years, contributing to the erosion of its surplus and the need to take assessments – which will impact costs for all Maryland PPA policyholders, including policyholders in the private market who are also economically challenged, but happen to have good driving records. Thus, while MAIF insures less than 1% of Maryland drivers and only a subset of MAIF insureds are economically challenged, all Maryland PPA policyholders pay for MAIF’s shortfalls.

As the insurer of last resort insuring risk more likely to incur claims, MAIF rates should generally be higher than rates in the private market. Above market rates prevent competition with

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<sup>20</sup> In addition, MAIF is expressly authorized pursuant to § 20-507(b)(2) to base premiums on one or both of the following items: (i) the number of points accumulated by an insured or applicant for insurance under the point system provided for in Title 16, Subtitle 4 of the Transportation Article; or (ii) the prior claims experience of an insured or applicant for insurance.

the private markets and provide an incentive to policyholders (and their agents) to return to the private market.

### **3. The Impact of Premium Financing**

The affordability of MAIF coverage cannot be comprehensively evaluated without consideration of the impact of premium financing on the actual cost of insurance for the majority of MAIF's policyholders. As of the date of this Report, approximately 87% of MAIF policyholders pay their premium through a premium financing company. Thus, and as discussed in detail below, for the vast majority of MAIF policyholders, their cost of insurance consists not only of premium, but high interest rates and additional fees and charges that can increase the out of pocket cost to the consumer substantially.

Premium financing companies (PFCs) are specialty lenders that advance the amount of premium due to an insurer on behalf of the insured. The agreement between the PFC and the policyholder includes the repayment of the premium advanced, plus interest and fees. PFCs are unique in that the unearned premium for the policy serves as collateral for the loan and the policyholder executes an assignment and power of attorney that allows the PFC to cancel the policy and recoup the unearned premium if the policyholder fails to make a payment or otherwise breaches the agreement. PFCs are regulated under Title 23 of the Insurance Article.

Historically, MAIF could not accept installment payment plans. The amount of premium charged is supposed to reflect the risk and, thus, higher risk drivers are typically charged higher premium. Given that, the legislature was historically reluctant to allow MAIF to accept premium in installments, out of concern that losses would overrun premiums collected. Thus, MAIF insureds were required to pay their entire premium in full at policy inception. As a result, over time, on an annual basis, over 95% of MAIF insureds were turning to PFCs to obtain insurance from MAIF. While that assured that MAIF received premium in full at policy inception, individuals had to pay high interest rates, fees and charges. Further, failure to pay the premium finance company resulted in the immediate cancellation of the policy and a return of the unearned premium to the premium finance company.

It was not until 2013 that legislation was enacted allowing MAIF the opportunity to offer installment plans for the first time in its forty-year history. *See* §20-507(g). Despite this breakthrough, the legislative criteria imposed on MAIF's installment plans made them unattractive to policyholders, primarily because of the large down payment required. Prior to October 1, 2022, MAIF's installment plan required either 20% down payment and no more than six installment payments, or 25% down payment and no more than eight installment payments, depending on the total amount of premium.

In contrast, while down payment requirements varied among PFCs, typically the insured is required to pay a 10% to 15% down payment, based on the data provided to the Administration by producers whose clients use PFCs to finance their auto premium. The lower down payment allows an applicant to procure an insurance policy more easily, at a lower initial cost, even though the interest and fees make it a more expensive choice in the long run. Hence, financing through a

PFC was the overwhelming choice of MAIF PPA policyholders. As shown below, over 95% of MAIF’s policyholders used a PFC prior to the change in MAIF’s installment plan.

	2017	2018	2019	2020	2021
PFC Pay	95.8%	96.0%	96.0%	96.0%	95.6%
Full Pay	2.1%	2.1%	2.0%	2.2%	2.5%
Installment Pay	2.1%	1.9%	2.0%	1.8%	1.9%

In 2022, legislation<sup>21</sup> was enacted that allowed MAIF to develop and offer installment plans that would be more accessible to policyholders. MAIF’s current PPA plan requires an 18% down payment and nine installment payments with a \$2 installment fee per payment. Section 20-507 requires MAIF to notify an applicant or insured that the applicant has the option of paying by MAIF’s installment plan, a PFC agreement, or by paying in full, and that the applicant or insured should consult a producer who will fully describe the terms of each payment method. The form used by MAIF includes the total cost of paying in full or by the MAIF installment plan.

More MAIF policyholders are choosing MAIF’s installment plan, but PFC financing still remains the primary method of payment for MAIF insurers at 87.7%. The chart below depicts the period from October 1, 2022 through September 30, 2023.

Payment Type	Take Rate
PFC Financed	87.7%
Paid in Full	2.1%
Installment Pay	10.2%

In order to better understand why, the Administration identified MAIF’s top ten producers and requested information related to the prevalence and impact of premium financing on the policies placed with MAIF in October 1, 2022 to June 30, 2023. The following chart shows the number of policies placed with MAIF by each producer, the payment method, and the average down payment by method.

PRODUCER	PREMIUM	POLICY COUNT	% of POLICY ID	AVERAGE DOWNPAYMENT	% Difference in Down Payment for PFC vs MAIF
<b>AGENCY SAMPLE 1</b>	<b>8,631,971</b>	<b>3,471</b>			
PFC A	7,206,468	2,905	83.69%	335.52	27.74%
MAIF INSTALLMENT	1,251,335	481	13.86%	464.35	
FULL PAY	174,168	85	2.45%		
<b>AGENCY SAMPLE 2</b>	<b>4,949,649</b>	<b>1,811</b>			
PFC B	4,292,235	1,588	87.69%	331.16	40.27%
MAIF INSTALLMENT	609,517	199	10.99%	545.35	
FULL PLAY	47,897	24	1.33%		

<sup>21</sup> 2022 Md. Laws Ch. 453.

PRODUCER	PREMIUM	POLICY COUNT	% of POLICY ID	AVERAGE DOWNPAYMENT	% Difference in Down Payment for PFC vs MAIF
<b>AGENCY SAMPLE 3</b>	<b>4,161,303</b>	<b>1,229</b>			
PFC C	2,198,268	665	54.11%	1,165.17	
PFC B	1,596,669	457	37.18%	1,091.62	
MAIF INSTALLMENT	321,559	92	7.49%	739.41	
FULL PAY	44,807	15	1.22%		
<b>AGENCY SAMPLE 4</b>	<b>3,157,139</b>	<b>1,042</b>			
PFC C	1,932,261	633	60.75%	300.65	50.79%
PFC D	1,027,767	343	32.92%	352.93	42.23%
MAIF INSTALLMENT	169,517	51	4.89%	610.90	
FULL PAY	27,594	15	1.44%		
<b>AGENCY SAMPLE 5</b>	<b>2,442,516</b>	<b>1,167</b>			
PFC E	2,305,547	1,086	93.06%	226.32	
PFC D	112,358	66	5.66%	192.81	
Full PAY	24,611	15	1.29%		
<b>AGENCY SAMPLE 6</b>	<b>2,363,259</b>	<b>897</b>			
PFC D	2,109,827	805	89.74%	272.29	51.23%
MAIF INSTALLMENT	216,042	70	7.8%	558.30	
FULL PAY	37,390	22	2.45%		
<b>AGENCY SAMPLE 7</b>	<b>1,810,097</b>	<b>523</b>			
PFC D	1,788,151	515	98.47%	624.99	18.80%
MAIF INSTALLMENT	20,099	7	1.34%	507.50	
FULL PAY	1,847	1	0.19%		
<b>AGENCY SAMPLE 8</b>	<b>995,306</b>	<b>489</b>			
PFC F	638,306	332	67.89%	223.83	47.43%
PFC E	333,200	147	30.06%	258.36	39.32%
MAIF INSTALLMENT	11,826	5	1.02%	425.80	
FULL PAY	11,766	5	1.02%		
<b>AGENCY SAMPLE 9</b>	<b>972,224</b>	<b>323</b>			
PFC B	796,161	255	78.95%	310.34	34.41%
PFC C	2,519	1	0.31%	302.00	36.18%
MAIF INSTALLMENT	165,799	64	19.81%	473.17	
FULL PAY	7,765	3	0.93%		
<b>AGENCY SAMPLE 10</b>	<b>961,293</b>	<b>433</b>			
PFC C	714,723	319	73.67%	218.07	47.71%
PFC D	120,071	61	14.09%	238.08	42.92%
PFC E	88,285	37	8.55%	287.43	31.10%
MAIF INSTALLMENT	18,542	8	1.85%	417.13	
FULL PAY	19,672	8	1.85%		

With one exception, the average size of the down payment required to initiate coverage through a PFC is significantly lower than the use of the MAIF installment plan, although financing the premium ultimately adds substantially to the cost of the policy.

The table below is an illustrative example of the three payment options for the MAIF auto premium, plus two other options to show the variance in financing options. The total cost under Option 1 and Option 2 are based on actual financing fees and interest rates. The total cost under Option 1, Option 2 and Third-Party A in the table (highlighted) match the total cost in Appendix A – MAIF Policy Portal – Customer Journey. The interest rate under Third-Party A in the table was calculated using the factors provided in Appendix A - MAIF Policy Portal.

The MIA requested data from producer agencies regarding the down-payment terms, fees and interest rates. Eight of the total 15 agencies queried responded. Third-Party B and Third-

Party C in the table below represent the highest interest rate (27%) and the lowest (18%). The actual interest rate that a consumer is charged under a premium financing loan agreement will differ based on a number of factors which include the consumer's credit worthiness. The table below is meant to be an illustration to demonstrate the range of outcomes depending on the options a consumer chooses.

The assumed annual premium in the illustrative example is \$2,237. As presented, the policyholder can select from three different payment options.

- Option 1: Pay In Full – Premium payment is paid in full at time of application and may be eligible for a full payment discount. May be paid via credit or debit card.
- Option 2: Maryland Auto Installment Plan – an installment fee is added to the premium but no interest charged and 18% of premium is required as a down payment. Payment over 9 months.
- Option 3: Third-Party Premium Financing – payment terms and conditions vary slightly per agency. Policyholders are subject to a down payment of 12% – 20% of the premium at the time of purchase. Payments over 10 Months.
  - Third-Party A: 12% of premium is required as a down payment. Interest charged at 23%. Third-Party A and Third-Party B result in a lower down payment than Third-Party C but a higher interest rate.
  - Third-Party B: a fixed \$40 installment fee is added to the premium and 13% of premium is required as a down payment. Interest charged at 27% APR.
  - Third-Party C: a fixed \$40 installment fee is added to the premium and 20% of premium is required as a down payment. Interest charged at 18% APR. Third-Party C results in a higher down payment than the other two PFC options, but lower interest rate.

ILLUSTRATIVE CUSTOMER PAYMENT OPTION EXAMPLE						
PAYMENT PLANS	OPTION 1	OPTION 2	OPTION 3			
	PAY IN FULL	9-PAY PLAN INSTALLMENTS	Third-Party A	Third-Party B	Third-Party C	
Annual Premium	\$ 2,237	\$ 2,237	\$ 2,237	\$ 2,237	\$ 2,237	
Full Payment Discount	8% (179)	-	-	-	-	
Financing Fee	-	18	-	40	40	
Premium Due	-	\$ 2,255	\$ 2,237	\$ 2,277	\$ 2,277	
Down Payment Due	-	18% 403	12% 268	13% 291	20% 447	
Remaining Payments	\$ -	\$ 1,852	\$ 1,969	\$ 1,986	\$ 1,830	
Payment 1	-	206	222	229	202	
Payment 2	-	206	222	229	202	
Payment 3	-	206	222	229	202	
Payment 4	-	206	222	229	202	
Payment 5	-	206	222	229	202	
Payment 6	-	206	222	229	202	
Payment 7	-	206	222	229	202	
Payment 8	-	206	222	229	202	
Payment 9	-	206	222	229	202	
Payment 10	-	-	222	229	202	
Total Payments	-	\$ 2,255	\$ 2,489	\$ 2,581	\$ 2,468	
Principal Payments	-	2,255	2,237	2,277	2,434	
APR% / Interest Payments	-	0% -	23% 252	27% 304	18% 191	
Total Cost	\$ 2,058	\$ 2,255	\$ 2,489	\$ 2,581	\$ 2,625	
Annual Premium	(2,237)	(2,237)	(2,237)	(2,237)	(2,237)	
(Savings) or Cost to Policyholder	\$ (179)	\$ 18	\$ 252	\$ 344	\$ 388	

As this example demonstrates, the PFC financing options generally have a smaller down payment and, thus, are more attractive to certain policyholders, even though the total amount paid overall is higher. There may also be fees for late payments and cancellations followed by reinstatements, if the policyholder struggles to make the payments. The overall costs of using a PFC makes a MAIF policy less affordable once the finance charge is included. In this illustration, the policyholder choosing a PFC to reduce their initial outlay would pay between 11% and 17% more for their policy, offsetting the actual benefit to the consumer of MAIF's efforts to make premium more affordable.

In addition, PPA policies that are financed with a PFC are more likely to be cancelled. From January 1, 2013 to September 30, 2022, 23.2% of MAIF PPA policies that used MAIF's installment plan were cancelled for nonpayment. Over the same time period, 41% of MAIF PPA policies that were financed with a PFC were cancelled for nonpayment.

Non-Payment Cancellations	01/01/13 to 09/30/22	10/01/22 to 06/30/23
MAIF	23.2%	10.9%
PFC	41%	20.8%

Similarly, the number of days a policy remains in force before being cancelled is shorter for a PFC-financed policy than one using the MAIF installment plan<sup>22</sup>:

<b>Monthly Average Days Inforce of Cancelled Policies Over the Years Installment Billing Cancellations, PPA only</b>									
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
January	177	180	165	154	161	138	169	177	122
February	180	187	113	155	154	149	176	146	117
March	160	176	161	183	186	165	176	172	112
April	151	167	168	175	154	202	162	139	96
May	133	140	123	122	148	155	206	133	103
June	134	151	121	157	202	186	90	108	105
July	172	193	151	145	148	182	136	94	112
August	204	170	154	145	190	144	148	139	122
September	176	170	151	169	160	150	139	121	125
October	178	154	163	159	168	148	139	143	127
November	150	191	153	189	176	194	137	129	
December	211	194	160	198	185	155	140	107	
Yearly AVG	169	173	149	163	169	164	152	134	114

<b>Monthly Average Days Inforce of Cancelled Policies Over the Years Installment Billing Cancellations, PPA only</b>									
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
January	135	131	130	126	128	130	140	132	108
February	137	128	126	127	127	128	138	137	112
March	139	133	130	126	131	128	133	135	109
April	120	111	117	113	117	122	132	119	98
May	114	110	105	106	101	115	115	100	94
June	122	123	112	110	113	118	112	111	100
July	128	124	118	120	121	128	123	112	105
August	132	129	124	120	125	124	127	118	107
September	130	134	124	122	128	122	134	114	101
October	132	129	124	127	125	130	139	107	109
November	130	128	124	123	132	133	137	108	
December	128	131	129	126	130	136	140	108	
Yearly AVG	129	126	122	121	123	126	131	117	104

PFCs are more expensive for the policyholder in the long run, and a consumer that chooses a PFC due to lack of funds for a down payment may lack the funds to keep the policy in force. As compared with insurers in the private market, PFCs are used far more by MAIF policyholders, and increase both the policyholders' costs and the likelihood that the policy will be cancelled for nonpayment.

<sup>22</sup> Policies that are cancelled by PFCs can be reinstated, with financing restored, but those consumers pay additional fees and charges to effect that.

#### IV. RESIDUAL MARKET MECHANISMS

The first residual market mechanism started in New Hampshire in 1938.<sup>23</sup> Now, all states and the District of Columbia have a mechanism to ensure that drivers in the residual market can obtain at least the minimum liability insurance required to operate a motor vehicle. These mechanisms have evolved over time, and vary from state to state.

The Automobile Insurance Plan Service Office (AIPSO) provides administrative and other services to most residual market mechanism. AIPSO contracts with governing boards made up of industry personnel in each state. In Maryland, AIPSO provides services to the IAIA, the organization that ultimately certifies any need for an assessment of its Maryland members, then sets and apportions the assessment.

##### A. Forms of Residual Market Mechanisms

According to AIPSO, in 45 jurisdiction, responsibility for applicants who cannot obtain automobile insurance in the voluntary market are shared equitably among all insurers licensed to write in that jurisdiction, using one of several common methods.

The traditional original form of residual market mechanisms is a **Direct Assigned Risk** program.<sup>24</sup> In this type of program, applicants are assigned to an insurer, which then assumes the risk of the assigned insured. Some characteristics of this mechanism:

- There is a plan entity (Plan) that processes applications and assigns the risks. AIPSO may serve that role. The entity is funded.
- Applicants are assigned to insurers based on their percentage of their market share in the state, generally determined by premium volume in the PPA market. All PPA insurers are required to participate.
- The Plan sets the premium rates that the policyholder is charged. Each assigned risk insurer uses the same rates. The policy forms may also be developed by the Plan. Rates and forms for the plan are approved by the state regulator.
- The company that is assigned the insured bears the profit or loss. There are also administrative costs to the company to comply with the Plan rules and use Plan rates and forms.
- Companies are required to report statistical information, and are subject to audit.
- This is still commonly used for PPA coverage, but is rare for commercial coverage. A state might use assigned risk for its PPA residual market, and a different mechanism for its commercial residual market.
- A variation is to have a service center that performs additional services, such as issuing policies and collecting premium on behalf of the assigned company. The servicing company remains responsible for claims handling, statistical reporting, and absorb the

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<sup>23</sup> *Residual Markets*, Insurance Information Institute, December 2006.

<sup>24</sup> The descriptions herein are based on AIPSO Residual Market Overview, available on AIPSO.com, a copy of which is included in the Appendix as E.

profit or loss. The Western Association of Automobile Insurance Plans comprises eleven direct assignment plans that share a processing center.

Over time, some states have modified the risk distribution procedure and moved to what is known as **Limited Assigned Distribution (LAD)**. In a LAD plan, companies that wished to be relieved of taking direct assignments execute an agreement with an insurer willing to service those risks in return for a buy-out fee. The objective of this modification is both to relieve individual companies of the direct cost of servicing their share of assigned application, as well as to improve service and reduce overall costs by centralizing them. Some characteristics of this mechanism are:

- The servicing company sets and collects the buy-out fees, and assumes the assignment obligation, profit or loss, and statistical reporting responsibilities of the other insurer.
- The success of a LAD depends on having servicing companies available to take on and administer the risks.
- Otherwise, this arrangement is similar to direct assigned risk.

Most recently, states are turning to pooling mechanisms, such as a **Personal Automobile Insurance Procedure (PAIP)** or a **Commercial Automobile Insurance Procedure (CAIP)**. At least 21 states have moved, or begun to move, to a PAIP or similar pooling mechanism. Over 40 states have moved to a CAIP or similar mechanism. PAIPs and CAIPs began to replace LADs beginning in 2019, due to a lack of servicing companies for the LAD plans. In 2021, California adopted a pooling mechanism as a back-up to its LAD program. Service center plans began to transition to PAIP plans in 2019, when Rhode Island adopted a pooling mechanism similar to a PAIP. Service centers in Alaska, Alabama, Georgia, Mississippi, and Tennessee transitioned to the PAIP model in 2022. These are more similar to MAIF than the direct assignment mechanisms are. Some characteristics of this mechanism are:

- This is a pooling mechanism. Instead of being assigned to an insurer, insureds are combined in a pool.
- Insurers share in the operating gain or loss, expenses incurred, and a contingency fund. Insurers pay periodic assessments to the fund, or receive monies back.
- There may be a fronting company, or policies may be issued in the name of the Plan, similar to MAIF.
- This has become the predominant mechanism for the commercial residual market, and is becoming common in the PPA market.

**Joint Underwriting Associations (JUAs)** are another pooling mechanism. Maryland's Joint Insurance Association uses this mechanism for the residual property insurance market.<sup>25</sup> Some characteristics of the JUA mechanism are:

- These are less common. Hawaii and Florida maintain JUAs.
- A limited number of companies may act as servicing carriers by issuing and servicing the policies.
- Operating results are shared among member companies based on their market share. Typically, all insurers in a market will be required to be members.

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<sup>25</sup> See § 25-401 *et seq.*, Maryland Property Insurance Availability Act.

**Reinsurance Facilities** are also a form of pooling that is not commonly used. North Carolina has a large Reinsurance Facility. Some characteristics of this mechanism:

- Insurers who write PPA or commercial vehicle insurance must take all applicants, but may cede risk to the Reinsurance Facility.
- A state may limit the percentage of an insurer's business that may be ceded.
- Profits or losses on the Facility business are shared equitably among all insurers in the market.

Maryland is the only state that has established a **state fund** (MAIF) to provide automobile insurance to eligible applicants. Unlike the mechanisms used in other states, private insurers do not directly participate with the Fund, but are required to subsidize MAIF's surplus when certain triggers are met and to surcharge their policyholders to recover those costs.

## **B. Current Trends/Residual Market Size**

In correspondence with the Administration, AIPSO summarized the trend in how jurisdictions are addressing residual market plans.

The evident trend is that insurance companies find it expensive to develop systems and train staff to service the declining residual markets around the country. All of the assignment mechanisms are transitioning to pooling mechanisms (PAIP) to service the private passenger business countrywide. AIPSO is planning to develop systems to ensure they are in a position to assist the remaining LAD states should they lose their current LAD servicing companies.

Overall, the residual market is moving toward mechanisms that pool risks, as MAIF does, and use an administrator to manage the pool and administer coverage, including rate setting, application processing, policy administration and claim administration. With respect to states with which they have contracts, AIPSO provides those services for the pool, and is supported by industry through assessments to pay for administrative services and, when necessary, to fund the pool's losses.

Among the residual market methods utilized, MAIF is most similar to the PAIP model. MAIF, however, is far larger than most other plans. A ranking of states by residual market and total market premium for 2022 is included in the Appendix as B. As the chart demonstrates, nationally, Maryland ranks 17<sup>th</sup> in Total PPA Market Premium, but ranks 5<sup>th</sup> in Residual Market Premium. More significantly, MAIF has 0.968% of the total PPA market in Maryland. There are only three states in the country with a higher percentage of the total PPA market in their state. Nationally, the average percentage of the total PPA market written by the state's residual market plan is 0.552%.<sup>26</sup>

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<sup>26</sup> Data are from AIPSO.com Industry Data, Ranking of States by Residual and Total Market Premium.

### C. Residual Market Eligibility Criteria

With the exception of North Carolina, all states require an applicant to demonstrate eligibility for the residual market. There are no residual market pools that are open on request of the applicant. North Carolina is unusual in that private insurers must accept all applicants, but the private insurers may cede a percentage of its policies to the reinsurance facility.<sup>27</sup>

MAIF requires two turndowns in order to qualify. A handful of other states require turndowns. Florida, Georgia, New Jersey, and Texas require two turndowns. The residual market mechanisms in Indiana, Kansas, and Ohio require three turndowns. Applicants in California must indicate whether they meet the definition of “good driver”<sup>28</sup> and those who are not are eligible; an applicant who is a good driver must include a rejection from a company made in the prior 60 days.

The majority of states do not impose a requirement for a minimum number of turndowns, but require certification that they tried and failed to obtain automobile insurance in this state within the preceding 60 days and have been unable to obtain such insurance through ordinary methods. The states that follow this approach are: Alabama, Alaska, Arizona, Arkansas, Colorado, Idaho, Iowa, Louisiana, Maine, Minnesota, Mississippi, Montana, Nevada, New Mexico, Oregon, Tennessee, Utah, Vermont, Washington, and Wyoming. One state, Massachusetts, has a shorter time frame, requiring the applicant to certify that the applicant has attempted, within 15 days prior to the date of application, to obtain motor vehicle insurance in the voluntary market, and has been unable to do so.

Some states incorporate an affordability factor into the certification process. Those states require applicants to certify that they have tried and failed to obtain automobile insurance in the state within the preceding 60 days *and have been unable to obtain such insurance at rates not exceeding those applicable under the state plan*. The eighteen (18) states that take this approach are Connecticut, *Delaware* (27/.107%), *District of Columbia* (26/.294%), Illinois, Iowa, Kentucky, Missouri, Nebraska, New Hampshire, New York, North Dakota, Oklahoma, *Pennsylvania* (12/.041%), Rhode Island, South Carolina, South Dakota, *Virginia* (14/.054%), and *West Virginia* (21/.139%). Significantly, the states that border Maryland (5/.968%) have all taken this approach. States that include the inability to find insurance at rates that do not exceed the residual market plan rate do not have larger residual markets. South Dakota, for example, ranks 46<sup>th</sup> by residual market size and by percentage of total market premium. Those same metrics are noted for each of the states that border Maryland and for Maryland. Comparison information for all state programs is set forth in Appendix B.

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<sup>27</sup> See N.C. Gen. Stat. §58–37–25: Except as otherwise provided in this Article all insurers as a prerequisite to the further engaging in this State in the writing of motor vehicle insurance or any component thereof shall accept and insure any otherwise unacceptable applicant therefore who is an eligible risk if cession of the particular coverage and coverage limits applied for are permitted in the Facility. All such insurers shall equitably share the results of such otherwise unacceptable business through the Facility and shall be bound by the acts of their agents in accordance with the provisions of this Article.

<sup>28</sup> See Cal. Ins. Code § 11624.08. A "good driver" as defined by Cal. Ins. Code § 1861.025 as a person licensed to drive for the previous three years who, during that time, has not; (a) had more than one violation point charged against their license; or (b) had more than one dismissal of a violation of a driving law which was not made confidential; or (c) been principally at fault for an accident resulting in bodily injury or death; or (d) [only for persons under 18 years old] have been found to have operated a motor vehicle with blood alcohol level of 0.05% or greater.

**D. Rating Methodologies Used by Residual Market Plans**

AIPSO develops and files premium rates for residual market plans in all states with a residual market mechanism other than Maryland, North Carolina, Massachusetts, and Texas. AIPSO provided information to the Administration about the rating methodology it used in those states.

As a general rule, the rates developed by AIPSO are intended to be adequate and are designed to allow the plan to be self-sustaining, but without a profit margin. AIPSO does not benchmark the rates to the voluntary market, and does not intentionally make the rates higher than the voluntary market. However, the residual market comprises poor risks with worse claims experience than the voluntary market, and rates are therefore generally higher relative to a pool that includes better drivers. Most insurance companies write policies for a wide variety of risks; residual market mechanisms are designed to include only a small subset of bad drivers.

Subject to state specific requirements, AIPSO’s actuarial approach to rate setting for residual market plans is based on the size of the state plan.

Plan Size	Actuarial Approach
Larger Sized State Plans	Prospective rating is based upon the plan’s experience, (losses + expenses)/premium = +/-
Medium Sized State Plans	Base rate = to Insurance Services Office, Inc. (ISO) <sup>29</sup> loss cost x loss cost multiplier
Small Sized State Plans	Plan rates are set as a relativity to ISO loss costs

While some states have adopted methods to reduce rates and address affordability for residual market plans, no state has adopted MAIF’s approach and no state incorporates an affordability factor into its rate setting.

New York, Pennsylvania, and Rhode Island have each adopted methods to reduce rates for their residual market mechanisms. New York has a formula, known as the “Stewart Formula,” developed by the Insurance Commissioner in 1970, to adjust for affordability. New York has a direct assignment residual market mechanism. The rate is developed to be more affordable as follows:

- AIPSO develops the regular assigned risk experience-based indication.
- AIPSO develops a voluntary market indication, but use assigned risk premiums.
- Stewart Formula Indication is the straight average of these 2 indications.

Pennsylvania and Rhode Island have subsidized residual market rates by charging a flat dollar amount for every vehicle insured in the voluntary market, with the revenue from the fee being used to subsidize the residual market pool. Pennsylvania applies a surcharge of \$1 per vehicle; Rhode Island applies a surcharge of \$6.24 per vehicle. This additional revenue source helps to reduce the rates for the risk pools.

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<sup>29</sup> ISO is a provider of statistical, actuarial, and claims information and analytics to the insurance industry.

New Jersey, California, and Hawaii have specific programs to address auto premium costs for certain low-income drivers. These programs are not part of the state’s residual market plan and have separate eligibility requirements.

- **New Jersey:** New Jersey offers the Special Automobile Insurance Policy (SAIP)<sup>30</sup>. It is important to note that the SAIP does not provide liability, collision, or comprehensive coverage. The coverage is for emergency medical treatment immediately following an accident, and treatment of serious brain and spinal cord injuries up to \$250,000. It also provides a \$10,000 death benefit. Eligibility for the New Jersey SAIP is limited to people who are enrolled in federal Medicaid with hospitalization. The coverage costs \$360 if paid in advance for one year, or \$365 if paid in two installments.
- **California:** California’s Low Cost Auto Insurance (CLCA) program<sup>31</sup> covers only new drivers and drivers with a good driving record who meet the financial limits. They must have a valid California driver’s license and own a vehicle valued at \$25,000 or less. The basic liability policy covers \$10,000 bodily injury or death per person, \$20,000 bodily injury or death per accident, and \$3,000 property damage liability per accident. Consumers can add \$1,000 in medical payments coverage, and \$10,000 uninsured motorist bodily injury per person/\$20,000 uninsured motorist bodily injury per accident. Comprehensive and collision coverages are not available.

The program is available to individuals whose annual gross household income does not exceed 250% of the federal poverty level<sup>32</sup>. Drivers do not qualify if they have, within the previous three years, more than one of either a property damage only accident in which the driver was principally at fault or a point for a moving violation, an at-fault accident involving bodily injury or death. The driver may also not have a record of a misdemeanor or felony conviction for a violation of the Vehicle Code.

- **Hawaii:** Hawaii has a program for recipients of financial assistance payments or supplemental security income benefits.<sup>33</sup> One vehicle per household is insured in the minimum limits program insurance without cost through the Hawaii Joint Underwriting Plan, although an additional vehicle may be eligible if needed for employment for transportation to a medical facility at least twice a month.<sup>34</sup>

## **E. Residual Market Plan Assessments**

MAIF was initially funded by an assessment on industry and required assessments on a regular basis until 1989. In light of its declining surplus, absent the appearance of additional revenue sources, MAIF will need to resume assessments in 2024, based on the 2023 plan year

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<sup>30</sup> Information from the N.J. Department of Banking and Insurance website: [https://www.nj.gov/dobi/division\\_consumers/insurance/saip.htm](https://www.nj.gov/dobi/division_consumers/insurance/saip.htm)

<sup>31</sup> Information from <https://www.mylowcostauto.com/>

<sup>32</sup> California Insurance Code § 11629.73.

<sup>33</sup> Hawaii Code R. § 17-654-3.

<sup>34</sup> Hawaii Code R. § 17-654-6.

performance.<sup>35</sup> In other states, residual market plans make periodic assessments on industry to fund operational shortfalls and expenses. The frequency and the size of those assessments differ by the type of plan and the size of the residual market.

All state residual market plans have operational costs, such as rent, equipment, and salaries. Direct assignment plans need staff to review an application for eligibility and assign it to a carrier. PAIPs and CAIPs need to issue policies, collect premium, and process claims, which may be done by a fronting insurer or an administrator such as AIPSO for a fee. There may be additional costs for special services such as actuaries to set premium rates.

For a private insurer, premium rates are typically set to assure that the insurer can cover all of its expenses and statutory surplus and reserving obligations and make a profit. As noted above, for those residual market plans where AIPSO develops the rates, the rate is calculated to cover costs, so a plan is self-sustaining, without a profit or reserves. Those rates will take into consideration any form of subsidy provided through a source external to the plan, such as, for example, the revenue from the flat dollar amounts imposed on insured vehicles under Pennsylvania and Rhode Island law.

State residual market plans are usually overseen by a group, such as IAIA in Maryland, comprised of all insurers licensed by the state to write a line of insurance, such as PPA or commercial motor vehicles. Typically, all members of the group are charged a fee to contribute to the costs of running the plan. Further, if premiums for a PAIP or CAIP, any other revenue such as subsidies and the fees paid by industry do not cover all of the costs (including claim costs) of the residual market plan, then there may be an assessment on industry to cover the plan's losses. This assessment would apply to all insurers writing that line of business, PPA or commercial, in the state. These assessments are apportioned based on the insurer's market share by premium volume.

It is important to note that residual market risk pools are not designed to operate like private insurers and the emphasis is not on building surplus and funding reserves. The plans are designed to operate at break-even with a flat annual fee apportioned among the industry and an annual recoupment of operating losses through an assessment apportioned among industry. MAIF operates very differently.

The chart below presents data from AIPSO that identifies the Base Plan Fees and the Total Assessment to the private industry, by state, in 2022. Because these figures are not broken down between PPA and commercial plans, the chart also includes, by state, the PPA and commercial residual market mechanism, as well as the 2022 operating loss or (gain) from operations and the 2022 written premium for the PPA and commercial markets. This provides some basis to consider whether the combined fee and combines assessment amount is likely driven by the PPA or commercial operations, as well as the losses in those lines.

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<sup>35</sup> MAIF financial condition and surplus are discussed in detail in Section V of this Report.

AUTO RESIDUAL MARKET MECHANISMS								
State	Private Passenger			Commercial			2022 Plan Basic Fees (flat fee charged to all licensed auto insurers)	TOTAL ASSESSED TO INDUSTRY Calendar Year 2022 (excludes cost of direct assignment)
	Mechanism	Calendar Year 2022 Net Operating Loss or (Gain) from Operations	Calendar Year 2022 Written Premium	Mechanism	Calendar Year 2022 Net Operating Loss or (Gain) from Operations	Calendar Year 2022 Written Premium		
Alabama	PAIP	\$ 48,063	N/A	CAIP	\$ (32,612)	\$ (23,297)	\$ 120,900	\$ 139,351
Alaska	PAIP	\$ 47,014	\$ 4,899	SCP	\$ (42,585)	\$ 46,042	\$ 5,860	\$ 84,253
Arizona	Direct Assignment	N/A	\$ 2,622	CAIP	\$ (19,063)	\$ 369,514	\$ 8,950	\$ 843
Arkansas	PAIP	\$ 60,132	\$ 13,998	CAIP	\$ (620,568)	\$ 90,903	\$ 8,210	\$ (531,255)
California	1. PPP							
	2. Direct Assignment	\$ 171,812	\$ 526,125	CAIP	\$ 9,645,810	\$ 12,378,324	\$ 6,910	\$ 10,529,886
California Low Cost	1. PPP							
	2. Direct Assignment	\$ 642,249	\$ 8,304,531					\$ 1,323,219
Colorado	Direct Assignment	N/A	\$ 2,682	CAIP	\$ 2,038,790	\$ 2,277,587	\$ 7,650	\$ 2,057,100
Connecticut	Direct Assignment	N/A	\$ 77,632	CAIP	\$ 358,921	\$ 1,717,367	\$ 12,420	\$ 496,207
Delaware	Direct Assignment	N/A	\$ 2,037	CAIP	\$ (155,045)	\$ 1,277,031	\$ 38,350	\$ (110,364)
District of Columbia	Direct Assignment	N/A	\$ 165,213	CAIP	\$ 706,423	\$ 1,209,687	\$ 34,800	\$ 876,586
Florida	JUA	\$ (337,423)	\$ 249,874	JUA	\$ 1,260,917	\$ 1,168,318	\$ 1,535,000	\$ 968,569
Georgia	PAIP	\$ 47,663	N/A	CAIP	\$ 779,287	\$ 123,908	\$ 45,400	\$ 915,580
Hawaii	JUA	\$ 13,323	\$ 1,167,962	JUA	\$ 187,262	\$ 2,000,054	N/A	\$ 200,585
Hawaii CPAI	CPAI	\$ 317,768	N/A					\$ 317,768
Idaho	Direct Assignment	N/A	N/A	CAIP	\$ 1,966	\$ 133,175	\$ 7,610	\$ 21,019
Illinois	PAIP	\$ 19,977	\$ 70,562	CAIP	\$ 44,621,537	\$ 62,121,526	\$ 18,340	\$ 44,859,157
Indiana	PAIP	\$ 47,335	\$ 5,453	CAIP	\$ 1,678,041	\$ 2,491,472	\$ 36,600	\$ 1,825,554
Iowa	PAIP	\$ 42,780	\$ 19,056	CAIP	\$ 8,893,258	\$ 13,094,913	\$ 16,630	\$ 8,985,729
Kansas	PAIP	\$ (12,733)	\$ 453,936	CAIP	\$ 501,086	\$ 3,793,939	\$ 146,900	\$ 1,512,743
Kentucky	PAIP	\$ 95,183	\$ 22,468	CAIP	\$ (14,114)	\$ 272,834	\$ 8,040	\$ 248,193
Louisiana	PAIP	\$ 44,948	N/A	CAIP	\$ 2,156,161	\$ 410,335	\$ 69,500	\$ 2,282,541
Maine	Direct Assignment	N/A	N/A	CAIP	\$ (119,591)	\$ 267,004	\$ 11,760	\$ (48,640)
Michigan	JUA	\$ 3,600,000	\$ 620,743	JUA	\$ (2,280,247)	\$ 17,270,959	N/A	\$ 1,869,268

AUTO RESIDUAL MARKET MECHANISMS (continued)								
State	Private Passenger			Commercial			2022 Plan Basic Fees (flat fee charged to all licensed auto insurers)	TOTAL ASSESSED TO INDUSTRY Calendar Year 2022 (excludes cost of direct assignment)
	Mechanism	Calendar Year 2022 Net Operating Loss or (Gain) from Operations	Calendar Year 2022 Written Premium	Mechanism	Calendar Year 2022 Net Operating Loss or (Gain) from Operations	Calendar Year 2022 Written Premium		
Minnesota	PAIP	\$ 41,071	\$ 36,911	CAIP	\$ 1,067,048	\$ 3,304,314	\$ 35,725	\$ 1,181,670
Mississippi	PAIP	\$ 48,132	\$ -	CAIP	\$ 13,895	\$ 11,167	\$ 144,200	\$ 209,227
Missouri	PAIP	\$ 43,983	\$ 6,574	CAIP	\$ 2,592,234	\$ 2,093,179	\$ 43,075	\$ 2,695,437
Montana	Direct Assignment	N/A	\$ 5,851	CAIP	\$ 12,292	\$ 10,853	\$ 7,660	\$ 32,611
Nebraska	PAIP	\$ 49,485	\$ 12,366	CAIP	\$ 390,540	\$ 347,096	\$ 7,980	\$ 479,697
Nevada	Direct Assignment	N/A	N/A	CAIP	\$ (260,576)	\$ 1,382,942	\$ 8,540	\$ (242,088)
New Hampshire	Reinsurance Facility	\$ 167,273	\$ 67,041	CAIP	\$ 262,101	\$ 1,088,093	\$ 13,680	\$ 512,001
New Jersey	Direct Assignment	N/A	\$ 15,220,374	CAIP	\$ 51,707,266	\$ 51,390,551	\$ 145,860	\$ 62,050,829
New Jersey SAIP	SAIP	\$ 5,775,323	\$ 20,754,685				\$ 66,200	\$ 5,775,323
New Mexico	Direct Assignment	N/A	\$ 675	CAIP	\$ (192,553)	\$ 1,093,412	\$ 7,590	\$ (173,840)
New York	Direct Assignment	N/A	\$ 67,757,364	Direct Assignment/ SRDP/PAIP	\$ 7,695,535	\$ 47,852,687	\$ 14,620	\$ 29,509,286
North Carolina	Reinsurance Facility	\$ 416,968,837	\$ 1,002,634,446	Reinsurance Facility	\$ 21,894,539	\$ 144,501,146	N/A	-
North Dakota	PAIP	\$ 43,576	\$ 12,276	CAIP	\$ (14,994)	\$ 12,596	\$ 14,900	\$ 69,502
Ohio	PAIP	\$ 670	\$ 4,630	CAIP	\$ 20,137,780	\$ 36,408,160	N/A	\$ 20,141,450
Oklahoma	PAIP	\$ 37,715	\$ 1,370	CAIP	\$ (91,087)	\$ 428,176	\$ 8,450	\$ 13,784
Oregon	Direct Assignment	N/A	\$ 14,077	CAIP	\$ (594,114)	\$ 61,346	\$ 8,130	\$ (575,596)
Pennsylvania	Direct Assignment	N/A	\$ 1,316,875	Pooled CAP & Direct Assignment	\$ 1,368,023	\$ 3,522,872	\$ 17,470	\$ 5,008,377
Rhode Island	PAIP	\$ 3,240,794	\$ 10,047,602	CAIP	\$ 1,721,331	\$ 3,523,903	\$ 13,260	\$ 13,371,281
South Carolina	Direct Assignment	N/A	\$ 17,538	1. CAIP 2. Direct Assignment	\$ (21,998)	\$ 816,725	\$ 39,300	\$ 20,302
South Dakota	PAIP	\$ 45,489	\$ 1,769	CAIP	\$ (6,896)	\$ 48,495	\$ 14,580	\$ 80,026
Tennessee	PAIP	\$ 48,360	\$ 4,052	CAIP	\$ (140,726)	\$ 312,513	\$ 178,800	\$ 89,434
Texas	Direct Assignment	N/A	\$ 921,986	Direct Assignment	N/A	\$ 1,544,774	N/A	N/A
Utah	Direct Assignment	N/A	N/A	CAIP	\$ (312,571)	\$ 211,507	\$ 8,040	\$ (294,310)
Vermont	Direct Assignment	N/A	\$ 10,077	CAIP	\$ (116,812)	\$ 374,939	\$ 6,930	\$ (35,221)
Virginia	PAIP	\$ 181,453	\$ 170,894	CAIP	\$ (418,594)	\$ 4,002,814	\$ 40,000	\$ (14,249)
Washington	Direct Assignment	N/A	\$ 3,511	CAIP	\$ 383,148	\$ 860,271	\$ 7,720	\$ 401,678
West Virginia	Direct Assignment	N/A	\$ 20,870	CAIP	\$ 603,650	\$ 2,127,879	\$ 38,750	\$ 651,891
Wisconsin	PAIP	\$ 27,714	\$ 16,519	CAIP	\$ 183,267	\$ 2,194,246	\$ 8,090	\$ 316,234
Wyoming	Direct Assignment	N/A	N/A	CAIP	\$ 249,702	\$ 435,710	\$ 6,890	\$ 268,003

## V. THE SUSTAINABILITY OF MAIF

The 2023 JCR directs the Insurance Administration to address the sustainability of MAIF. For a private insurer, sustainability refers to the insurer's ability to maintain financial stability and to continue providing coverage over the long term. Sustainability is determined by assessing a number of factors, including the company's financial strength, risk management practices, investment strategies, and ability to pay claims even in adverse situations.

The sustainability of a residual market plan like MAIF is evaluated differently, because of the nature of its mission. Residual market plans exist to provide coverage for uninsurable drivers that the voluntary market will not write. Key differences in the sustainability analysis include:

1. Risk Exposure: residual market automobile insurers accept “higher risk” drivers, which affects their financial stability differently than traditional insurers.
2. Regulatory Oversight: residual market automobile insurers are subject to different regulations and oversight due to their role as insurers of last resort, impacting their sustainability requirements.
3. Market Dynamics: residual market automobile insurers often face unique market dynamics, including limited competition, which can affect their pricing and long-term viability.
4. Funding Mechanisms: residual market automobile insurers may rely on assessments or subsidies from the insurance industry or government to cover losses, affecting their financial sustainability.

Sustainability for residual market automobile insurers must take into account these unique factors to ensure they can fulfill their role to provide coverage to ‘uninsurable’ drivers over the long term.

### A. MAIF's Financial Performance

#### 1. Policyholder Surplus and Reserves, Generally

Policyholder surplus<sup>36</sup>, or merely “surplus,” represents the excess of assets over liabilities for an insurance company. It serves as a cushion to cover unexpected losses or financial fluctuations. It is an important measure of an insurer's financial strength and sustainability. A growing policyholder surplus suggests the insurance company is accumulating net assets and often reflects a well-managed and financially stable company. Conversely, a shrinking policyholder surplus in a traditional market insurer can be a sign of financial stress.

The primary source of income for an insurance company is policy premiums. When setting rates for premiums, traditional market insurers use actuarial and statistical methods to determine

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<sup>36</sup> Shareholder equity in non-insurance companies is the equivalent of policyholders' surplus in an insurance company.

adequate pricing to account estimated loss costs, operating expenses, and desired profit margin. As insurance companies collect premiums, they set aside a portion of those premiums to establish loss reserves to cover anticipated future claim payments and related expenses. This involves estimating the expected cost of settling claims, including those that have been incurred but not yet reported (IBNR).

Unearned premium reserves is another type of reserve that is significant in understanding surplus. Generally speaking, automobile insurance premiums are earned monthly (1/12) over the course of the twelve month policy. Until a premium is earned it is carried on the insurer's balance sheet as a liability, because the unearned portion must be returned if the policy is terminated. The return of unearned premium will be discussed when MAIF's lapse and cancellation rates are discussed.

Automobile insurance companies use actuarial and statistical analysis to determine a predicted loss ratio and to establish claim reserves for incurred and IBNR losses. To set appropriate reserves they analyze historical claims data (frequency, severity, policyholder demographics, etc.), use actuarial models, and other relevant factors. Insurers continually monitor their loss experience and adjust reserves and pricing as needed to ensure they remain financially stable and can meet their obligations to policyholders. If an insurer has inadequate reserves, claims must be paid from retained earnings and surplus. In contrast to traditional market automobile insurers, the residual market has access to alternative funding mechanisms including assessments if they have inadequate funds to pay claims. Under Maryland law<sup>37</sup>, MAIF has the ability to seek an assessment if its reserves or surplus are inadequate to cover operating costs.

## **2. MAIF's Declining Surplus: 2007 – 2023**

An insurer's surplus is the amount by which its assets exceed its liabilities. An insurer must maintain surplus that is reasonable in relation to its outstanding liabilities and that is adequate to meet its financial needs. In evaluating the sustainability of MAIF's structure in light of declining market share and decreasing surplus, we assessed whether MAIF's surplus is adequate to meet its current and future financial needs. The MIA considered 1) the trend in MAIF's surplus to the assessment triggers; 2) surplus as measured by Risk Based Capital; 3) the trend in financial results; 4) the trend in MAIF's market share in the Maryland market; and 5) the trend in MAIF's financial results compared to other non-standard carriers in the market.

Title 20, Subtitle 4 of the Insurance Article provides an assessment mechanism under which MAIF would obtain funds from private insurers operating in Maryland's automobile insurance market in the event that MAIF's surplus were to decrease below either one or both of two assessment triggers. The first of these triggers is the private passenger auto assessment limit, which requires an assessment when the year-end surplus is less than 25% of the average of MAIF's net direct written private passenger auto premiums for the three immediately preceding calendar years. The second trigger is the commercial auto assessment limit, which requires an assessment

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<sup>37</sup> § 20-404 *et seq.*

when the year-end “commercial auto surplus”<sup>38</sup> is less than 25% of the average of MAIF’s net direct written commercial auto premiums for the three immediately preceding calendar years. If MAIF’s surplus were to fall below a statutorily designated level, Section 20-404 of the Insurance Article provides an assessment mechanism. Each insurer doing business in Maryland would then be charged a pro-rata share of the assessment which, in turn, may be passed on to the insurer’s policyholders.

From its inception in 1972 until 1988, MAIF’s surplus was negative. Over that time period, insurers writing automobile insurance in Maryland were assessed a total of approximately \$137 million to support MAIF’s operations. In 1989, MAIF’s surplus became positive.<sup>39</sup>

Starting in 1989, MAIF began to accrue a surplus and no assessments have been required. In 2007, MAIF’s surplus was at a historical peak of \$184 million. Since 2007, surplus has steadily declined and MAIF’s projections for 2023-2025 indicate the likelihood of an assessment in 2024 for the calendar year ending in December 2023. The historical surplus, assessment and assessment trigger of MAIF starting at December 2007 is presented in the below Table 01.

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<sup>38</sup> MAIF’s surplus is not segregated between its private passenger auto business and its commercial auto business. However, for purposes of determining the commercial auto assessment limit, a “commercial auto surplus” is determined annually by MAIF’s Board of Trustees. For the year ended December 31, 2012, the Board of Trustees determined the “commercial auto surplus” to be \$44,745,148.

<sup>39</sup> An insufficiency assessment made in 1989 for the year ending December 1988 resulted in an over-recoupment of approximately \$10 million. These funds were reported as a liability on MAIF’s balance sheet until 2023 when, following legislative action, these funds were reclassified to surplus.

**TABLE 01**

Year	Dec 31st, Surplus (\$000)	3 year Average Net Written Premiums (\$000)	Calc. <b>Assessment Trigger</b> [25% of 3yr Avg NWP] (\$000)	Ratio of Surplus to MIA Assessment Trigger
<b>2007</b>	<b>\$184,754</b>	\$162,333	\$40,583	455.2%
2008	\$138,702	\$139,128	\$34,782	398.8%
2009	\$128,749	\$113,347	\$28,337	454.4%
2010	\$124,271	\$112,233	\$28,058	442.9%
2011	\$118,745	\$102,465	\$25,616	463.6%
2012	\$108,453	\$92,206	\$23,051	470.5%
2013	\$98,882	\$79,705	\$19,926	496.2%
2014	\$97,255	\$77,044	\$19,261	504.9%
2015	\$69,389	\$78,701	\$19,675	352.7%
2016	\$64,085	\$80,413	\$20,103	318.8%
2017	\$57,489	\$82,580	\$20,645	278.5%
2018	\$35,631	\$85,492	\$21,373	166.7%
2019	\$46,327	\$87,218	\$21,805	212.5%
2020	\$54,018	\$80,335	\$20,084	269.0%
2021	\$52,332	\$67,411	\$16,853	310.5%
2022	\$24,381	\$60,583	\$15,146	161.0%
2023	\$14,338	\$75,308	\$18,847	76.1%

In recognition of its declining financial condition, MAIF was granted a temporary premium tax exemption in 2018 through June 2022, which was made permanent effective October 1, 2021.

### **3. MAIF's Financial Health Measured by RBC Ratio**

Risk Based Capital (RBC) is a method for establishing the minimum amount of capital an insurance company must have to support its business operations based upon the company's size and risk profile. An RBC ratio is the ratio of an insurer's surplus to the amount of surplus that is considered necessary based on the RBC calculation. RBC standards are used to determine when to take regulatory actions relating to an insurer that shows indications of a weak or deteriorating financial condition. In general, regulatory action is not required as long as an insurer's RBC ratio is above 200%. MAIF is not subject to RBC requirements. However, under a long-standing practice, MAIF submits an RBC report to the MIA on an annual basis.

The chart below shows the significant decrease in MAIF's RBC ratio in 2022 which was caused by a sharp decrease in MAIF's surplus (discussed in the next section). In 2022, MAIF's surplus was \$24.4 million and its RBC requirement (at 200%) was \$16.8 million. According to its projections, MAIF expects an increase in premiums written and a decrease in surplus to \$14.3 million. If MAIF's premium volume increases, its 2023 RBC requirement will be higher than the 2022 RBC requirement of \$16.8 million. Given that MAIF is projecting surplus at \$14.3 million,

it appears that MAIF’s RBC ratio will be below 200% at year-end 2023. While MAIF is not subject to RBC requirements, the result nonetheless is indicative of MAIF’s poor financial condition.

Year	2018	2019	2020	2021	2022
RBC Ratio	261.9%	365.3%	502.7%	620.9%	289.5%

#### 4. Trends in MAIF’s Financial Results: Actual and Projected 2008 – 2025

Table 2 and the related graph below illustrate the trend in MAIF’s actual financial results from 2018 to 2022 and projections to 2023. The Historical trend in MAIF’s actual financial results from 2008 to 2022 and projections to 2023 are shown in Appendix C. The following data points are included:

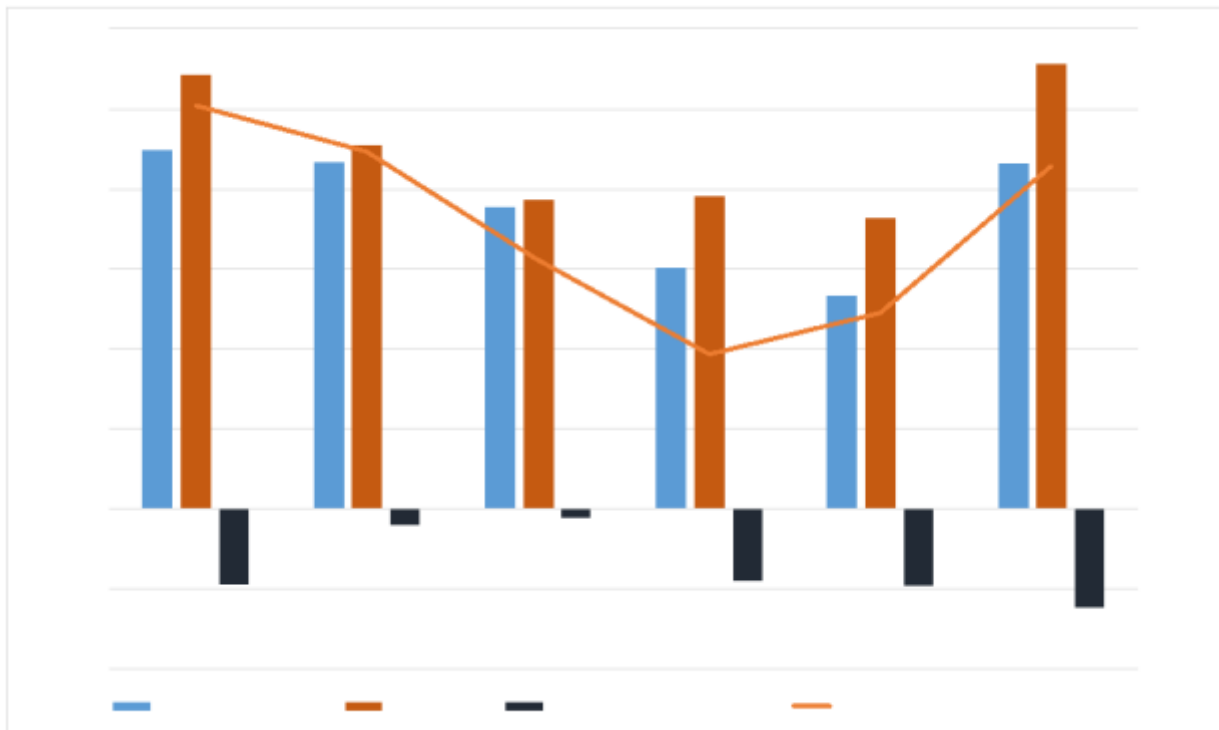
<b>Net Premium Earned</b>	= Income earned on policy premium
Loss Incurred	= Claims Incurred & Loss Adjustment Expense
Administrative Expenses	= Commissions, General and Administrative expenses
<b>Total Cost</b>	= Loss Incurred plus Total Administrative Expense
Net Underwriting Gain (Loss)	= Net Premium Earned less Total Costs
Investment Income	= Net income earned on Invested Assets
Realized Capital Gain	= Profit on the sale of an Invested Asset
Other Income	= Other sources of miscellaneous income
Total Other	= Net Investment Income, Capital Gains, Other Income
<b>Net Income (Loss)</b>	= Income (Loss) from Operations less Total Other

Notable items in Table 02:

- Total costs exceed premiums earned in all periods; although in 2019 and 2020 MAIF’s total costs decreased to a point where they were almost even with premium revenue.
- MAIF’s significant underwriting losses in 2021 reflected the worsening loss ratios experienced by the personal auto market nationwide as miles driven returned to normal. MAIF’s underwriting losses in 2021 were offset by realized capital gains in its investment portfolio which stabilized surplus. However, in 2022, continued significant underwriting losses coupled with investment losses caused a sharp decrease in surplus.
- Net income in 2019, 2020 and 2021 was primarily due to investment income and realized capital gains on investments.
- The number of policies-in-force (PIF) dropped substantially from 2018 to 2021 and then stabilized in the 20,000 to 25,000 range.

**TABLE 02**

Net Income (Loss)						PROJECTED
	2018	2019	2020	2021	2022	2023
<b>Net Premium Earned</b>	\$ 89,732	\$ 86,627	\$ 75,273	\$ 60,264	\$ 53,271	\$ 86,555
Loss Incurred	\$ 87,448	\$ 73,684	\$ 60,806	\$ 63,422	\$ 56,214	\$ 90,743
Total Administrative Expenses	\$ 21,225	\$ 17,029	\$ 16,613	\$ 14,738	\$ 16,452	\$ 20,367
<b>Total Costs</b>	\$ 108,673	\$ 90,713	\$ 77,419	\$ 78,160	\$ 72,666	\$ 111,110
<b>Net Underwriting Gain (Loss)</b>	\$ (18,941)	\$ (4,086)	\$ (2,146)	\$ (17,896)	\$ (19,395)	\$ (24,554)
Investment Income	\$ 3,573	\$ 3,528	\$ 3,350	\$ 3,423	\$ 2,041	\$ 5,410
Realized Capital Gain	\$ 1,877	\$ 1,643	\$ 6,111	\$ 17,178	\$ (3,351)	\$ -
Other Income	\$ 104	\$ 142	\$ 58	\$ 75	\$ 49	\$ 126
Total Other (Inv. Income, Cap. G/L, Other)	\$ 5,553	\$ 5,312	\$ 9,519	\$ 20,675	\$ (1,262)	\$ 5,536
<b>Net Income (Loss)</b>	\$ (13,387)	\$ 1,226	\$ 7,372	\$ 2,779	\$ (20,657)	\$ (19,018)
<b>Membership: PIF (Total Policies in Force)</b>	<b>39,603</b>	<b>36,261</b>	<b>28,709</b>	<b>22,113</b>	<b>24,961</b>	<b>35,316</b>



### 5. Trend in MAIF’s market share in Maryland

The table below lists the top 25 licensed auto insurance companies in the state of Maryland that write private passenger auto insurance. Private passenger auto insurance, which includes private passenger auto no-fault (personal injury protection), other private passenger auto liability, and private passenger auto physical damage.

As noted previously, MAIF’s policies-in-force count dropped substantially from 2018 to 2021. The chart below shows the largest 25 insurance companies ranked by private passenger auto insurance premium in 2017 and 2022. MAIF ranked 15 out of 25 in 2017, but ranked 21 in 2022. Several carriers – such as GEICO, Allstate, Progressive, and Nationwide all increased in market share for the period.

COMPANY	2017			2022			Change from 2017 to 2022		
	Net Premiums Written in MD	% Direct Premiums Written in MD	MD Market Ranking	Net Premiums Written in MD	% Direct Premiums Written in MD	MD Market Ranking	Net Premiums Written in MD	% Direct Premiums Written in MD	MD Market Ranking
State Farm Mut Auto Ins Co	\$ 836,175,860	16.79%	1	\$ 907,260,878	15.86%	1	\$ 71,085,018	-9.33%	0
Geico Cas Co	\$ 635,927,334	12.77%	2	\$ 825,590,702	14.43%	2	\$ 189,663,368	1.67%	0
Allstate Ind Co	\$ 327,447,074	6.58%	4	\$ 483,778,922	8.46%	3	\$ 156,331,848	-3.88%	(1)
Erie Ins Exch	\$ 372,727,729	7.48%	3	\$ 427,514,865	7.47%	4	\$ 54,787,136	-0.01%	1
Progressive Select Ins Co	\$ 174,663,082	3.51%	8	\$ 412,755,527	7.22%	5	\$ 238,092,445	3.71%	(3)
Geico Gen Ins Co	\$ 264,285,983	5.31%	5	\$ 213,328,611	3.73%	6	\$ (50,957,372)	-1.58%	1
GEICO Secure Ins Co		0.00%	167	\$ 187,490,939	-3.28%	7	\$ 187,490,939	-3.28%	(160)
United Serv Automobile Assn	\$ 161,788,287	3.25%	9	\$ 166,825,754	2.92%	8	\$ 5,037,467	-0.33%	(1)
Government Employees Ins Co	\$ 209,432,753	4.21%	6	\$ 166,248,092	2.91%	9	\$ (43,184,661)	-1.30%	3
USAA Cas Ins Co	\$ 127,624,517	2.56%	11	\$ 152,655,454	2.67%	10	\$ 25,030,937	0.11%	(1)
Travelers Prop Cas Ins Co	\$ 52,293,396	1.05%	19	\$ 129,020,922	2.26%	11	\$ 76,727,526	1.21%	(8)
Progressive Specialty Ins Co	\$ 83,286,918	1.67%	16	\$ 126,719,765	2.22%	12	\$ 43,432,847	0.54%	(4)
Allstate Ins Co	\$ 146,513,556	2.94%	10	\$ 105,408,612	1.84%	13	\$ (41,104,944)	-1.10%	3
Nationwide Prop & Cas Ins Co		0.00%	171	\$ 84,263,309	1.47%	14	\$ 84,263,309	1.47%	(157)
American States Preferred Ins Co	\$ 44,921,127	0.90%	22	\$ 81,704,088	1.43%	15	\$ 36,782,961	0.53%	(7)
Nationwide Ins Co Of Amer	\$ 4,061,578	0.08%	60	\$ 78,980,307	1.38%	16	\$ 74,918,729	1.30%	(44)
USAA Gen Ind Co	\$ 83,254,948	1.67%	17	\$ 78,578,619	1.37%	17	\$ (4,676,329)	-0.30%	0
LM Gen Ins Co	\$ 89,802,979	1.80%	14	\$ 75,380,055	1.32%	18	\$ (14,422,924)	-0.49%	4
Agency Ins Co Of MD Inc	\$ 44,105,729	0.89%	23	\$ 66,468,511	1.16%	19	\$ 22,362,782	0.28%	(4)
State Farm Fire & Cas Co	\$ 104,228,126	2.09%	12	\$ 66,296,162	1.16%	20	\$ (37,931,964)	-0.93%	8
Maryland Auto	\$ 85,600,194	1.72%	15	\$ 63,985,301	1.12%	21	\$ (21,614,893)	-0.60%	6
Liberty Mut Personal Ins Co		0.00%	170	\$ 59,536,382	1.04%	22	\$ 59,536,382	1.04%	(148)
Garrison Prop & Cas Ins Co	\$ 49,448,454	0.99%	20	\$ 57,612,472	1.01%	23	\$ 8,164,018	0.01%	3
Trumbull Ins Co	\$ 34,027,008	0.68%	27	\$ 50,925,312	0.89%	24	\$ 16,898,304	0.21%	(3)
Integon Ind Corp	\$ 304,548	0.01%	124	\$ 50,677,190	0.89%	25	\$ 50,372,642	0.88%	(99)
Top 25 Companies	\$ 3,931,921,180	78.95%		\$ 5,119,006,751	89.50%		\$ 1,187,085,571		
Other Companies	\$ 1,048,094,325	21.05%		\$ 600,389,521	10.50%		\$ (447,704,804)		
Total Maryland Market	\$ 4,980,015,505	100.00%		\$ 5,719,396,272	100.00%		\$ 739,380,767		

Data supports the conclusion that MAIF's market share is declining, because private insurers are willing to write more non-standard risk.<sup>40</sup>

## 6. Trend in MAIF's financial results compared to other nonstandard insurers

Maryland's private passenger liability market is dominated by a handful of companies that make up a majority of the market share. The table below provides a summary of publicly available financial information on the private passenger liability lines of business (i.e., private passenger auto no-fault (PIP) and other private passenger auto liability) and private passenger auto physical damage as of December 31, 2022. The purpose of the table below is to show a comparison of MAIF's financial results to the financial results reported by some of the larger carriers in the market that provide non-standard auto coverage. The table is not intended to be a listing of all carriers offering non-standard auto coverage.

Financial reports filed with the MIA include a State Page from which the financial information below is derived. The State Page reports premium and certain components of a Company's underwriting expenses in Maryland by line of business. The State Page does not report administrative expense or loss adjustment expense (LAE). Therefore, in this report, we allocated a carrier's administrative expense on its entire book of business to its passenger liability and

<sup>40</sup> As discussed in Section VI, the rate of registered vehicles that become uninsured in Maryland is relatively stable and, prior to the Covid-19 Pandemic, was decreasing slightly year over year. After a spike in 2020, the rate of uninsured vehicles has returned to average (approximately 4%).

physical damage lines of business based on the ratio of the Maryland direct written premium in passenger liability and physical damage lines to the carrier’s direct total direct written premium. LAE is discussed after the State Page information below. Typically a carrier’s loss ratio is calculated to include LAE. However, due to the limited data available on the State Page, the sum of direct losses incurred plus defense and cost containment expense incurred divided by direct premium earned is the calculated loss ratio in the table below.

As the table shows, MAIF has the highest loss ratio of all companies in 2022. Both MAIF and Agency have expense ratios above 20%.

Company Information		Private Passenger Auto Liability and Auto Physical Damage - Maryland Only - 2022									
NAIC No	Company Name	Direct Premiums Written	Direct Premiums Earned	Direct Losses Incurred (Excl. LAE)	Direct Defense and Cost Containment Expense Incurred	Commission Expense	Administrative Expense (Excl Comm Expense)	Underwriting Gain (Loss)	Direct Loss Ratio	Commission Expense Ratio	Expense Ratio (Incl Commission Exp)
<b>Berkshire Hathaway Group</b>											
41491	GEICO Casualty Co.	825,590,702	836,442,264	692,398,893	4,566,660	4,532,132	43,372,149	91,572,430	83%	1%	6%
<b>Progressive Group</b>											
10192	Progressive Select Ins Co.	412,755,527	388,581,530	270,010,628	2,372,609	437,250	6,118,199	109,642,844	70%	0%	2%
32786	Progressive Specialty Ins Co.	126,719,765	118,733,773	79,034,229	830,773	12,564,516	6,573,859	19,730,396	67%	10%	15%
<b>Companies not in a Group</b>											
35173	Agency Insurance Co. of MD Inc	66,468,511	62,522,789	48,217,252	538,401	7,431,701	6,805,673	(470,238)	78%	11%	21%
34800	Maryland Automobile Ins. Fund	56,037,514	45,371,015	36,032,447	4,125,663	5,795,587	8,585,198	(9,167,880)	89%	10%	26%

The tables below provide a snapshot of financial results over the four-year period 2018-2021. The information is shown in thousands. Considering the period 2018 – 2022,

- MAIF’s direct written premium is steadily decreasing, from \$83.0 million in 2018 to \$45 million in 2021, with an uptick to \$56 million in 2022.
- Progressive Select’s direct written premium increased \$129 million (54%) from \$239 million in 2018 to \$368 million. GEICO Casualty’s direct written premium increased \$157 million from \$763 million in 2018 to \$920 million in 2021. Agency’s direct written premium increased \$10 million (20%) from \$49 million in 2018 to \$58 million in 2021.
- MAIF’s direct loss ratio and expense ratio are generally higher than other insurers. Agency, which is the closest in size to MAIF, has seen a reduction in its direct loss ratios and expense ratios for this time period, while MAIF’s ratios have grown from 2018 to 2022.

Company Information		Private Passenger Auto Liability and Auto Physical Damage 2018 (\$000)									
NAIC No	Company Name	Direct Premiums Written	Direct Premiums Earned	Direct Losses Incurred (Excl. LAE)	Direct Defense and Cost Containment	Commission Expense	Administrative Expense (Excl. Comm. Exp)	Underwriting Gain (Loss)	Direct Loss Ratio	Commission Expense Ratio	Expense Ratio
<b>Berkshire Hathaway Group</b>											
41491	GEICO Casualty Co.	762,983	734,797	560,600	9,501	6,806	51,325	106,564	78%	1%	8%
<b>Progressive Group</b>											
10192	Progressive Select Ins Co.	239,221	221,051	142,140	2,962	461	3,871	71,618	66%	0%	2%
32786	Progressive Specialty Ins Co.	101,923	95,949	59,346	1,294	10,043	4,025	21,241	63%	10%	14%
<b>Companies not in a Group</b>											
35173	Agency Insurance Co. of MD Inc	49,132	47,723	30,568	472	5,203	5,567	5,912	65%	11%	22%
34800	Maryland Automobile Ins. Fund	83,021	81,073	62,516	3,880	8,606	10,598	(4,527)	82%	10%	23%

Company Information		Private Passenger Auto Liability and Auto Physical Damage 2019 (\$000)									
NAIC No	Company Name	Direct Premiums Written	Direct Premiums Earned	Direct Losses Incurred (Excl. LAE)	Direct Defense and Cost Containment	Commission Expense	Administrative Expense (Excl. Comm. Exp)	Underwriting Gain (Loss)	Direct Loss Ratio	Commission Expense Ratio	Expense Ratio
<b>Berkshire Hathaway Group</b>											
41491	GEICO Casualty Co.	860,398	838,266	641,868	12,427	8,327	56,702	118,942	78%	1%	8%
<b>Progressive Group</b>											
10192	Progressive Select Ins Co.	292,360	281,515	170,958	3,240	484	4,880	101,952	62%	0%	2%
32786	Progressive Specialty Ins Co.	114,877	111,833	67,764	1,274	11,500	5,063	26,232	62%	10%	14%
<b>Companies not in a Group</b>											
35173	Agency Insurance Co. of MD Inc	55,387	52,529	35,650	431	6,567	5,791	4,090	69%	12%	22%
34800	Maryland Automobile Ins. Fund	76,153	80,144	49,508	4,370	7,892	9,231	9,143	67%	10%	22%

Company Information		Private Passenger Auto Liability and Auto Physical Damage 2020 (\$000)									
NAIC No	Company Name	Direct Premiums Written	Direct Premiums Earned	Direct Losses Incurred (Excl. LAE)	Direct Defense and Cost Containment	Commission Expense	Administrative Expense (Excl. Comm. Exp)	Underwriting Gain (Loss)	Direct Loss Ratio	Commission Expense Ratio	Expense Ratio
<b>Berkshire Hathaway Group</b>											
41491	GEICO Casualty Co.	876,658	873,537	528,745	8,645	9,800	64,250.25	262,097	62%	1%	8%
<b>Progressive Group</b>											
10192	Progressive Select Ins Co.	337,113	325,763	167,007	2,401	490	7,028.76	148,836	52%	0%	2%
32786	Progressive Specialty Ins Co.	118,294	117,254	60,800	906	12,614	7,831.30	35,102	53%	11%	17%
<b>Companies not in a Group</b>											
35173	Agency Insurance Co. of MD Inc	60,441	59,679	39,077	394	6,827	6,685.51	6,695	66%	11%	22%
34800	Maryland Automobile Ins. Fund	57,797	67,640	37,824	3,954	5,971	8,779.24	11,112	62%	10%	26%

Company Information		Private Passenger Auto Liability and Auto Physical Damage 2021 (\$000)									
NAIC No	Company Name	Direct Premiums Written	Direct Premiums Earned	Direct Losses Incurred (Excl. LAE)	Direct Defense and Cost Containment	Commission Expense	Administrative Expense (Excl. Comm. Exp)	Underwriting Gain (Loss)	Direct Loss Ratio	Commission Expense Ratio	Expense Ratio
<b>Berkshire Hathaway Group</b>											
41491	GEICO Casualty Co.	920,156	927,551	707,795	9,111	8,360	55,749	146,537	77%	1%	7%
<b>Progressive Group</b>											
10192	Progressive Select Ins Co.	367,926	362,850	239,323	4,050	405	6,083	112,990	67%	0%	2%
32786	Progressive Specialty Ins Co.	117,559	117,574	71,692	1,451	11,762	5,517	27,152	62%	10%	15%
<b>Companies not in a Group</b>											
35173	Agency Insurance Co. of MD Inc	58,987	59,448	39,127	494	6,618	6,191	7,017	67%	11%	22%
34800	Maryland Automobile Ins. Fund	44,968	52,653	41,073	3,449	4,629	7,890	(4,388)	85%	10%	28%

As noted above, LAE is not included in the information reported on the State Page, therefore, the analysis of MAIF's loss ratio compared to the loss ratios of other carriers is limited. Carriers provide information regarding allocated and unallocated LAE in their rate filings. We compiled the LAE information provided by the companies in their rate filings to do a comparison. The chart below is a summary of the percentage of allocated and unallocated LAE to direct losses paid for the private passenger liability and auto physical damage lines of business in 2018 through 2022. MAIF's LAE percentage was between 30% to 40% in 2018 through 2022. The LAE percentage for the Progressive companies and Agency were primarily in the 13% to 20% range over the same period. MAIF's LAE percentage is an outlier each year. This data shows that if LAE were included in the loss ratio calculated above, MAIF's loss ratio would be significantly higher than the other carriers.

Company Information (\$ in 000s)	Private Passenger Auto Liability and Auto Physical Damage - Maryland Only - 2018 - 2022					
	2018	2019	2020	2021	2022	All Years Combined
<b>Berkshire Hathaway Group</b>						
41491 GEICO Casualty Co.	-	-	-	-	-	13.1%
<b>Progressive Group</b>						
10192 Progressive Select Ins Co.	20.0%	18.8%	20.3%	16.2%	13.4%	17.1%
32786 Progressive Specialty Ins Co.	20.1%	18.5%	19.0%	15.8%	15.5%	17.6%
<b>Companies not in a Group</b>						
35173 Agency Insurance Co. of MD Inc	13.0%	12.5%	12.6%	11.8%	3.8%	10.2%
34800 Maryland Automobile Ins. Fund	31.0%	37.2%	41.9%	32.2%	33.0%	34.8%

The chart below shows that MAIF’s expense ratio was significantly higher than Agency’s expense ratio in 2014 through 2017. During this period, MAIF’s surplus decreased approximately \$40 million (41%) from \$97.2 million to \$57.5 million. MAIF’s higher premium volume during these years does not justify the higher expense ratio. MAIF’s premium in 2014 was \$69 million and its expense ratio was 34%. Agency’s premiums written in 2022 was \$66 million, similar to MAIF’s premium in 2014, yet Agency’s expense ratio was 22%. While MAIF’s expense ratio improved in 2018 and 2019 it has trended upward since then. The data in the chart shows that MAIF has a relatively high administrative and operating expenses for an organization of its size and nature.

Year	MAIF					Agency				
	Premiums Written (000)	Commissions	General & Other Acq.	Taxes, Licenses & Fees	Total UW Expenses	Premiums Written (000)	Commissions	General & Other Acq.	Taxes, Licenses & Fees	Total UW Expenses
2014	69,120	12.7%	19.6%	2.1%	34.4%	21,882	10.2%	12.6%	2.2%	25.0%
2015	72,908	13.2%	15.5%	2.1%	30.8%	23,538	12.1%	10.9%	2.6%	25.6%
2016	70,008	11.5%	14.9%	2.1%	28.5%	32,549	11.3%	9.5%	2.4%	23.2%
2017	76,647	10.3%	14.0%	2.0%	26.3%	44,106	11.1%	9.5%	2.1%	22.7%
2018	83,021	10.4%	12.8%	0.0%	23.2%	49,132	10.6%	9.1%	2.1%	21.8%
2019	76,153	10.4%	12.1%	0.0%	22.5%	55,387	11.9%	9.1%	2.1%	23.1%
2020	57,797	10.3%	15.2%	0.0%	25.5%	60,441	11.3%	9.2%	2.6%	23.1%
2021	44,968	10.3%	17.5%	0.0%	27.8%	58,987	11.2%	8.6%	2.1%	21.9%
2022	56,038	10.3%	15.3%	0.0%	25.6%	66,469	11.2%	8.4%	2.0%	21.6%

## **B. The Sustainability of MAIF as Currently Operated**

As currently operated, MAIF is only sustainable if annual assessments are resumed or an alternative form of subsidy is authorized by the General Assembly. The combination of MAIF’s inadequate rates and the resulting excess of claim costs, plus MAIF’s high expense ratios has resulted in a steady erosion of MAIF’s surplus over the years. MAIF’s surplus will likely be below 200% RBC in 2023. While MAIF is not subject to RBC requirements the result nonetheless is indicative of MAIF’s poor financial condition.

## VI. UNINSURED MOTORIST PENALTIES

Automobile liability insurance is intended to protect other drivers, passengers, and property from financial loss from accidents. To that end, most states, including Maryland, have adopted mandatory minimum coverage requirements that must be satisfied in order for a motor vehicle to be operated lawfully in the state. When those requirements are not met, states typically subject the vehicle owner to both monetary and non-monetary penalties that serve as an incentive for compliance by punishing non-compliance. A state by state summary of the penalties imposed for violations of motor vehicle financial responsibility laws is attached to this Report as Appendix D.

In summary, economic Penalties are typically comprised of fines, which start with a minimum and then increase by the length of time the violation continues up to a statutory maximum for each offense. The size of the fine, including the minimum, may increase for repeat offenses. Non-economic penalties typically include:

- **Legal Consequences:** Uninsured drivers may face legal actions, including community service and imprisonment.
- **Difficulty in Obtaining a License:** Some states may delay or deny the issuance of a driver's license or vehicle registration until proof of insurance is provided.
- **Points on Driving Record:** In some states, driving without insurance can result in points on your driving record, affecting your insurance rates, driving privileges or ability to procure insurance in the private market.
- **Vehicle Impoundment:** Some states may impound the vehicle of an uninsured driver until proof of insurance is provided.
- **License Suspension:** Driving without insurance can lead to a suspension of your driver's license, and reinstating it usually involves fees.
- **SR-22 Insurance:** If your license is suspended due to lack of insurance, you may be required to file an SR-22 form, which is a certificate of financial responsibility that typically results in higher insurance premiums.

Maryland currently imposes the following economic and non-economic penalties on a vehicle owner if the required security for the vehicle terminates or otherwise lapses during the registration year:

- VII. Pay a monetary penalty fee for each lapse of insurance - \$150 for the first 30 days, \$7 for each day thereafter; subject to a maximum penalty of \$2500 for each violation in a 12-month period.
- VIII. Pay a restoration fee of up to \$25 for a vehicle's registration.
- IX. Lose license plates and vehicle registration privileges.
- X. Be prohibited from registering any future vehicles until all vehicle insurance violations are cleared.
- XI. Be prohibited from renewing a suspended registration until all vehicle insurance violations are cleared.
- XII. Have license plates confiscated by an authorized tag recovery agent, once a registration suspension is in effect.

XIII. Pay a fine of up to \$1,000 or one year's imprisonment for the first offense of providing false evidence of vehicle insurance, and a fine of up to \$1,000 or two years' imprisonment.

Md. Ann. Tr. Art. §§17-106 and 17-110. The penalty amounts have not changed since 1991.

MAIF believes that the current penalties in Maryland are not a sufficient deterrent to driving without insurance. MAIF notes that the high lapse rate (average policy in effect 104 days) may, for some policyholder's, reflect an economic assessment of the consequences of dropping insurance; specifically, that some of their policyholders will obtain insurance to renew their vehicle registration and then let the policy lapse for non-payment.

The Get a Quote customer journey<sup>41</sup> from the MAIF website is illustrative.

**9-Pay Plan** total cost **\$2,255**

Total Cost: \$2,255

Due today (18% down payment): \$403

1st Payment: \$204 Due: 12/03/2023

8 Remaining Payments of: \$206 Due: Every 30 days thereafter

Installment Billing Fee Total: \$18

1 Your first payment isn't due for 30 days.  
Installments are *Interest-free!*

**Pay in Full** total cost **\$2,058**

Premium total: \$2,237

Full payment discount: \$179

Total Cost: \$2,058

1 Paying in full will save you \$179. Payments are accepted via credit or debit card.

**Third-Party Financing** total cost **\$2,483**

Financial agreement with **U.S. CAPITAL ASSOCIATES**.  
U.S. CAPITAL ASSOCIATES is a third-party lender. Remaining payments will be made directly to them.

Total Cost: \$2,483

Due today (12% down payment): \$268

1st Payment: \$222 Due: 10 to 20 days after 11/03/2023

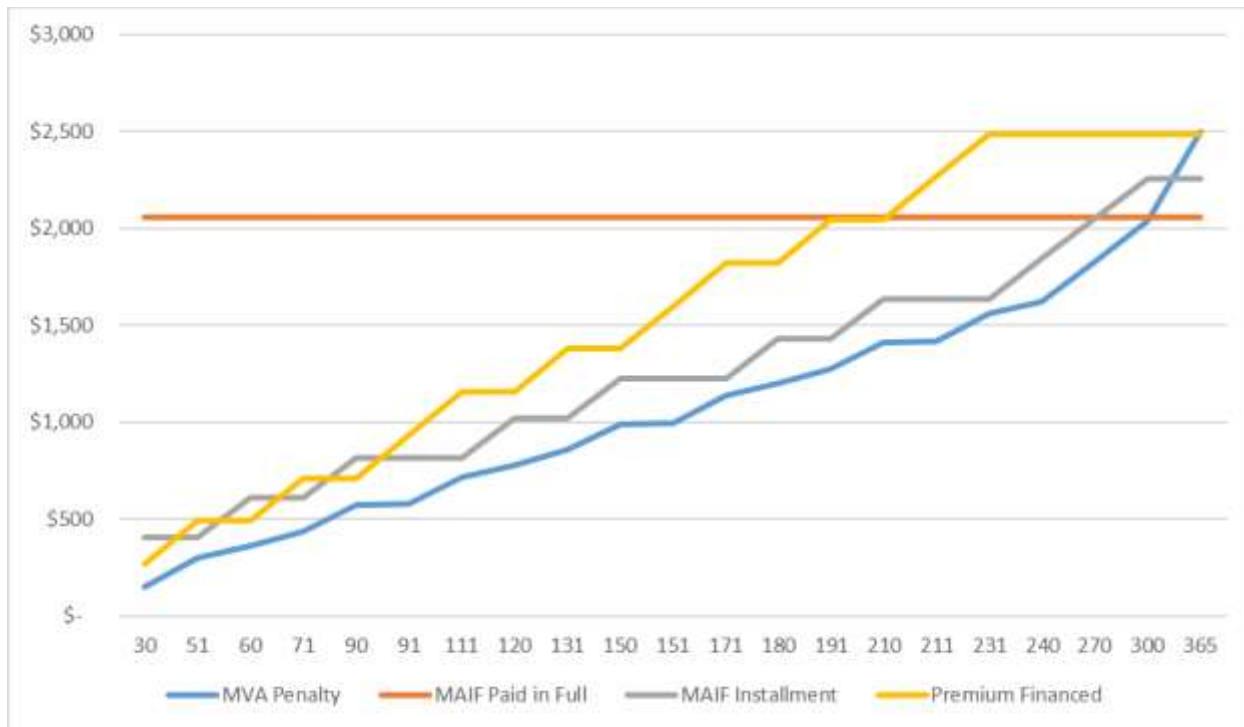
9 Remaining Payments of: \$222 Due: Every 10 to 20 days thereafter

1 The first payment due date from the insured to the PFC may vary approximately 10 to 20 calendar days from the effective date of the policy based on the selected PFC's Premium Finance Agreement.

This estimate is provided as a convenience and actual terms and payments may vary slightly based on the Premium Finance Agreement.

<sup>41</sup> <https://www.mymarylandauto.com/producer-link/new?pr=2>

As demonstrated in the customer journey, an applicant can obtain insurance coverage for as little as \$268.00 using premium financing. Coverage then takes effect to allow registration of a vehicle. The annual maximum fine for driving without insurance in Maryland is \$2,500 which is only marginally higher than the total cost of MAIF insurance as shown in the chart below.



The 2016 Report of the Task Force to Study Methods to Reduce the Rate of Uninsured Drivers noted the concern that individuals may conclude that it is less expensive to pay MVA penalties than to retain coverage. In a December 11, 2015 letter to the Task Force, the Independent Insurance Agents of Maryland strongly supported raising penalties to be higher than the cost of insurance.<sup>42</sup>

The Administration publishes a Comparison Guide to Auto Rates that uses hypothetical consumer profiles to illustrate sample rates for comparison purpose. For example:

Single Female, Age 23.

- Rents an apartment.
- Zip Code 20878
- Drives a 2012 Jeep Liberty
- Drives 15 miles each day total for work. Drives 15,000 miles annually.
- Speeding ticket 19 months ago for driving 10 miles over the speed limit.
- No credit history (where applicable).
- No companion policy discount.

<sup>42</sup> Task Force to Study Methods to Reduce the Rate of Uninsured Drivers, July, 2016, p.143.

Coverage:

- Liability \$30,000/\$60,000/\$15,000
- Full PIP \$2,500 UM \$30,000/\$60,000/\$15,000
- Comprehensive \$250 deductible Collision \$500 deductible

As of August 1, 2023, for this scenario in zip code 20878, the lowest three annual premiums were \$1,113, \$1,866, and \$1,919. The median annual premium was \$3,704. The highest three were \$8,425, \$7,526, and \$6,928. MAIF cost \$3,165. On a purely economic basis, a driver could perceive the penalty as less than the cost of premium.

The MIA appreciates that most consumers obtain and retain motor vehicle insurance because they are law abiding, responsible, and care about protecting their assets. However, on an annual basis, approximately 4% of registered vehicles experience a termination of coverage. The Motor Vehicle Administration provided the following data on the rate of uninsured vehicles in Maryland between 2010 and 2023 to date.

Year	No. of Registered Vehicles	No. of Licensed Drivers	No. of Uninsured Vehicles	Rate of Uninsured Vehicles	Rate of Insured Vehicles
2010	4,735,627	4,069,940	194,161	4.10%	95.90%
2011	4,729,666	4,084,311	198,646	4.20%	95.80%
2012	4,782,657	4,102,153	196,089	4.10%	95.90%
2013	4,813,421	4,140,103	197,350	4.10%	95.90%
2014	4,872,481	4,142,780	199,772	4.10%	95.90%
2015	4,950,019	4,185,752	207,901	4.20%	95.80%
2016	4,992,358	4,264,875	204,687	4.10%	95.90%
2017	5,049,731	4,329,503	212,089	4.20%	95.80%
2018	5,086,501	4,407,973	198,374	3.90%	96.10%
2019	5,126,010	4,463,862	184,536	3.60%	96.40%
2020	5,159,469	4,447,826	340,525	6.60%	93.40%
2021	5,071,477	4,438,653	213,002	4.20%	95.80%
2022	5,134,142	4,383,072	220,768	4.30%	95.70%
2023*	5,150,040	4,321,145	144,201	2.80%	97.20%
Average	4,975,257	4,270,139	208,007	4.18%	95.82%

The MVA data shows that on average 95% of vehicle owners obtain auto insurance. This comports with the data provided by MAIF. Significantly, the rate of uninsured drivers began to dip in 2018 and 2019, increased by 3 points in 2020 (coinciding with the pandemic) and then immediately began to decline again.

The Administration obtained uninsured motorist data by state from the Insurance Research Council (the “IRC”). The IRC estimates the rate of uninsured motorists by comparing the frequency of UM to BI claims, which results in a significantly different estimate rate than the rate

reported by motor vehicle administrations. However, because the IRC methodology is consistent across states, it provides a basis to consider whether there is a correlation between penalty size and uninsured motorist rates. The minimum and maximum fines for driving without insurance (detailed in Appendix D) and the uninsured motorist rate for each state as reported by IRC is depicted in the charts below. The first set of charts focuses on the maximum fine amount as compared to the state’s IRC estimated uninsured motorist rates.

The chart immediately below is sorted by highest maximum fine.

State	Min Fine	Max Fine	2019 Uninsured Motorist %	2019 NAIC PREM Data (\$000)
Hawaii	500	5,000	9.3	425,446
Massachusetts	500	5,000	3.5	2,906,424
New Jersey	300	5,000	3.1	5,359,463
West Virginia	200	5,000	9.2	657,254
North Dakota	150	5,000	13.0	190,621
Delaware	1,500	4,000	8.5	620,424
Minnesota	200	3,000	9.9	2,020,687
Kentucky	500	2,500	13.9	1,955,972
Kansas	300	2,500	10.9	956,495
District of Columbia	150	2,500	19.1	204,650
<b>Maryland</b>	<b>150</b>	<b>2,500</b>	<b>14.1</b>	<b>3,088,411</b>
Wyoming	500	1,500	5.8	155,346
New York	150	1,500	4.1	8,600,869
Alabama	500	1,000	19.5	1,946,610
Arizona	500	1,000	11.8	3,094,736
Colorado	500	1,000	16.3	2,903,354
Illinois	500	1,000	11.8	3,688,871
Utah	400	1,000	6.5	1,209,175
New Mexico	300	1,000	21.8	848,294
Indiana	250	1,000	15.8	2,113,022
Nevada	250	1,000	10.4	1,807,512
Georgia	200	1,000	12.4	6,161,398
Texas	175	1,000	8.3	12,710,901
Oregon	130	1,000	10.7	1,965,130
Arkansas	100	1,000	19.3	1,029,443

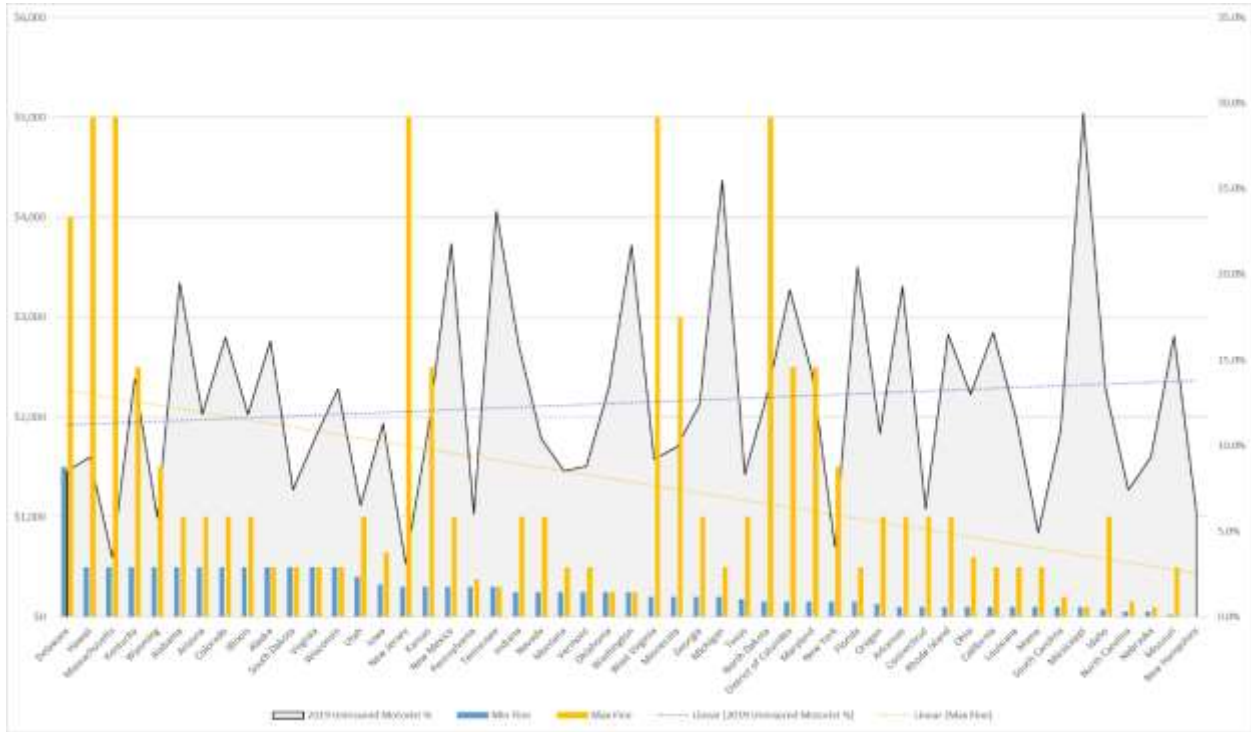
State	Min Fine	Max Fine	2019 Uninsured Motorist %	2019 NAIC PREM Data (\$000)
Connecticut	100	1,000	6.3	1,865,455
Rhode Island	100	1,000	16.5	605,231
Idaho	75	1,000	13.2	513,476
Iowa	325	645	11.3	831,792
Ohio	100	600	13.0	3,601,384
Alaska	500	500	16.1	273,114
South Dakota	500	500	7.4	223,313
Virginia	500	500	10.5	3,160,242
Wisconsin	500	500	13.3	1,667,904
Montana	250	500	8.5	349,682
Vermont	250	500	8.8	161,345
Michigan	200	500	25.5	5,198,506
Florida	150	500	20.4	13,677,173
California	100	500	16.6	17,389,769
Louisiana	100	500	11.7	2,966,867
Maine	100	500	4.9	366,915
Missouri	20	500	16.4	2,177,991
Pennsylvania	300	370	6.0	4,744,584
Tennessee	300	300	23.7	2,309,524
Oklahoma	250	250	13.4	1,373,462
Washington	250	250	21.7	3,324,699
South Carolina	100	200	10.9	2,720,601
North Carolina	50	150	7.4	2,820,420
Mississippi	100	100	29.4	1,041,644
Nebraska	50	100	9.3	662,699
New Hampshire	0	0	6.1	415,533

The chart immediately below is sorted by highest minimum fine.

State	Min Fine	Max Fine	2019 Uninsured Motorist %	2019 NAIC PREM Data (\$000)
Delaware	1,500	4,000	8.5	620,424
Hawaii	500	5,000	9.3	425,446
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Alabama	500	1,000	19.5	1,946,610
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Illinois	500	1,000	11.8	3,688,871
Alaska	500	500	16.1	273,114
South Dakota	500	500	7.4	223,313
Virginia	500	500	10.5	3,160,242
Wisconsin	500	500	13.3	1,667,904
Utah	400	1,000	6.5	1,209,175
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Montana	250	500	8.5	349,682
Vermont	250	500	8.8	161,345
Oklahoma	250	250	13.4	1,373,462

State	Min Fine	Max Fine	2019 Uninsured Motorist %	2019 NAIC PREM Data (\$000)
Washington	250	250	21.7	3,324,699
West Virginia	200	5,000	9.2	657,254
Minnesota	200	3,000	9.9	2,020,687
Georgia	200	1,000	12.4	6,161,398
Michigan	200	500	25.5	5,198,506
Texas	175	1,000	8.3	12,710,901
North Dakota	150	5,000	13.0	190,621
District of Columbia	150	2,500	19.1	204,650
<b>Maryland</b>	<b>150</b>	<b>2,500</b>	<b>14.1</b>	<b>3,088,411</b>
New York	150	1,500	4.1	8,600,869
Florida	150	500	20.4	13,677,173
Oregon	130	1,000	10.7	1,965,130
Arkansas	100	1,000	19.3	1,029,443
Connecticut	100	1,000	6.3	1,865,455
Rhode Island	100	1,000	16.5	605,231
Ohio	100	600	13.0	3,601,384
California	100	500	16.6	17,389,769
Louisiana	100	500	11.7	2,966,867
Maine	100	500	4.9	366,915
South Carolina	100	200	10.9	2,720,601
Mississippi	100	100	29.4	1,041,644
Idaho	75	1,000	13.2	513,476
North Carolina	50	150	7.4	2,820,420
Nebraska	50	100	9.3	662,699
Missouri	20	500	16.4	2,177,991
New Hampshire	0	0	6.1	415,533

Depicted graphically, the relationship between the percentage of uninsured motorists and the maximum penalties in each state is shown in the graph below using data from 2019. The maximum penalty is shown by the yellow bars and the uninsured motorist rate is depicted by the grey shaded area under line. The trend lines show that as maximum penalties increase, the uninsured rate tends to decrease, and that as minimum fines decline, the uninsured rate tends to increase.



The data does suggest some correlation between the size of the monetary penalties assessed by a state and the IRC estimated uninsured motorist rate in the state. Higher maximum fines do appear to correlate to lower UM rates, particularly when accompanied by higher minimum fines. There are, however, other factors, such as non-economic penalties and the relative cost of coverage when compared to penalties that would need to be factored in to provide a more precise understanding of the potential impact of increased penalties.

On balance, the data from other states, combined with an understanding of when insurance costs more than the penalty for not being insured, and the fact that uninsured penalties have not been changed in over 25 years suggests that Maryland should consider increasing its uninsured motorist penalties to offer greater incentives to remain insured.

#### **XIV. CONCLUSION**

As it is currently operated, MAIF is not economically self-sustaining and will require an infusion of funds through industry assessments or the transfer of monies from other sources in 2024 and for the foreseeable future. MAIF's current financial condition results primarily from its persistent failure to charge adequate rates, coupled with high expenses and expense ratios. The decision to select rates that, on average, over 10 years, have been approximately 28% less than the amount needed for MAIF to break even, coupled with higher than average expenses, has eroded

MAIF's significant surplus to the point where, but for MAIF's status as a state agency with the ability to assess the private industry and/or secure money from other state revenue sources, MAIF would be facing delinquency proceedings and an order of rehabilitation by the Administration.

There are actions which the General Assembly could take in the short term that would have a positive impact on MAIF's financial condition, although that will not prevent the need for an assessment or an infusion of funds from another source in 2024. Specifically,

- MAIF could be directed to adjust its rating methodology, to move toward rate adequacy, and to adjust rates no less than annually by filing for approval with the Administration. This would begin to align MAIF's rates and MAIF's rating approach with the rating methods used in other states and reduce MAIF's competition with the private industry.
- MAIF's eligibility criteria can be adjusted to align more closely with that used in other states, such as requiring applicants to certify more broadly that they have actively sought insurance in the private market and have not received a quote for coverage from a private insurer. If this were coupled with active oversight of eligibility by producers and MAIF, this would likely result in reducing the size of MAIF's portfolio to align more closely with the residual markets in other states.
- Affordability for consumers can be addressed by taking the approach taken by eighteen other states (including all of Maryland's bordering states) to include the inability to obtain insurance at a lower rate in the private insurance market as an eligibility criterion. States that have adopted this approach have residual markets that are still significantly lower than Maryland.

The Administration recommends that the General Assembly direct the Administration to perform a more detailed actuarial and economic study to assess the cost, timing, and potential impact on industry and consumers of specific scenarios, such as, for example (i) reforms to MAIF's financial oversight, rating methodology, eligibility criteria, operational expenses, expense ratios, including directing MAIF to charge "break even" rates; or (ii) reorganizing MAIF as an alternative residual market mechanism managed by industry through IAIA in alignment with all other states.

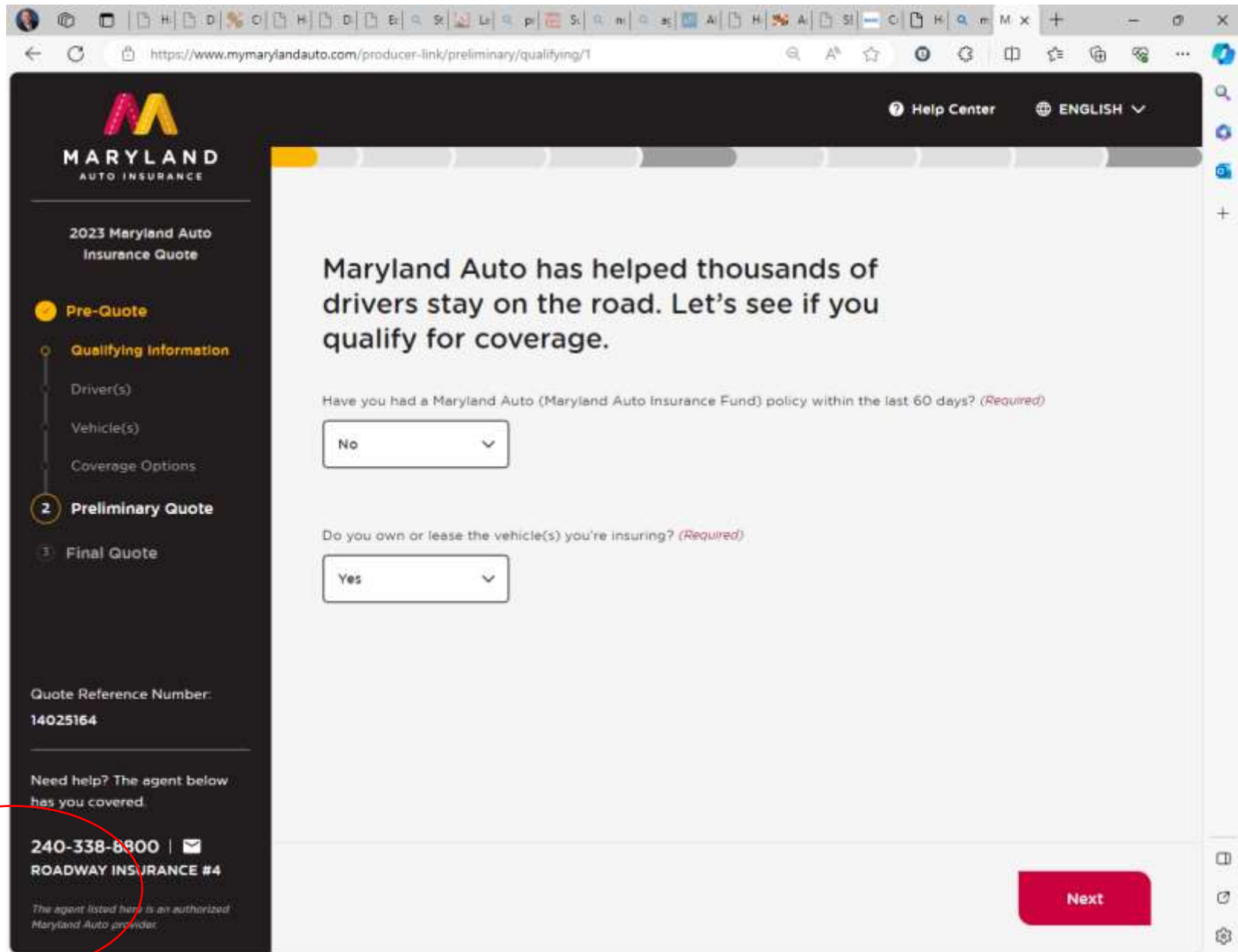
## **XV. APPENDICES**

- Appendix A. MAIF Policy Portal – Customer Journey
- Appendix B. Ranking of States by Residual and Total Market Premium
- Appendix C. Financial Trends and Projections
- Appendix D. Uninsured Motorist Penalties
- Appendix E. AIPSO Residual Market Overview

The screenshot shows a web browser window with the URL <https://www.mymarylandauto.com/producer-link/new?pr=2>. The page header features the Maryland Auto Insurance logo and navigation links for 'Help Center' and 'ENGLISH'. The main content area is titled 'Uninsured? Let's fix that.' and includes a sub-header: 'If you've been cancelled or turned down by other carriers, Maryland Auto will insure you. Guaranteed. Enter your information below and we'll provide you with a quote.'

The form contains the following fields and options:

- Maryland Driver's License Number (Required)**: Input field containing 'F - 230 - 887 - 261 - 207'.
- Date of Birth (Required)**: Input field containing '03/19/1963'.
- Phone Number**: Input field containing '443-980-6740'.
- Email Address**: Input field containing 'fawcettw@aol.com'. A yellow 'OR' button is positioned between the phone number and email address fields.
- Yes! I want Maryland Auto to send me communications regarding policy options.*
- [Don't have your MD license handy?](#)
- [Been here before? Continue your saved quote.](#)
- Start Quote**: A prominent red button at the bottom right of the form.



The agent changes on each application. Was previously Ramirez Insurance.

The screenshot shows a web browser window with the URL <https://www.mymarylandauto.com/producer-link/preliminary/qualifying/2>. The page features the Maryland Auto Insurance logo and a navigation menu with the following items: **2023 Maryland Auto Insurance Quote**, **Pre-Quote** (checked), **Qualifying Information** (selected), **Driver(s)**, **Vehicle(s)**, **Coverage Options**, **2 Preliminary Quote**, and **3 Final Quote**. A quote reference number of **14025164** is displayed. Contact information for **ROADWAY INSURANCE #4** is provided, including the phone number **240-338-8800** and an email icon. A note states: "Need help? The agent below has you covered." and "The agent listed here is an authorized Maryland Auto provider." The main content area displays a progress bar and a heading: "You're making progress, WILLIAM! Keep going to make sure Maryland Auto Insurance is right for you." Below this, a prompt asks to check any of the following that apply to the user (Required):

- My auto insurance coverage has been canceled or non-renewed by at least 1 company. **i**
- I have been denied by 2 or more insurance companies.
- None apply to me.

An information icon **i** is present next to the first option. A text box on the right provides additional information: "Are you a FineFix participant? If you participated in the FineFix program, you may also qualify for a policy with Maryland Auto. You will need to speak with one of our providers to complete the quote process. Please call 240-338-8800 to speak with our authorized provider and let them know that you started a quote online and were directed to call and provide the reference code: FineFix." At the bottom, there are **Back** and **Next** buttons.

The screenshot shows a web browser window with the URL <https://www.mymarylandauto.com/producer-link/preliminary/qualifying/3>. The page features the Maryland Auto Insurance logo and a navigation sidebar on the left. The sidebar lists the following steps: Pre-Quote (completed), Qualifying Information (current step), Driver(s), Vehicle(s), Coverage Options, Preliminary Quote (step 2), and Final Quote (step 3). Below the sidebar, the quote reference number is 14025164, and contact information for Roadway Insurance #4 is provided: 240-338-8800 and an email icon. A note states: "The agent listed here is an authorized Maryland Auto provider." The main content area displays a heading: "You're really moving, WILLIAM! Please verify some additional information regarding the vehicles you'd like covered." Below this, there are two required questions: "Do you primarily park your vehicle(s) in Maryland? (Required)" with a dropdown menu showing "Yes", and "Primary use of your vehicle(s) (Required)" with a dropdown menu showing "Personal (to/from work, school, erran...". At the bottom of the page, there are "Back" and "Next" buttons.

**MARYLAND AUTO INSURANCE**

2023 Maryland Auto Insurance Quote

- Pre-Quote
- Qualifying Information
- Driver(s)
- Vehicle(s)
- Coverage Options
- 2 Preliminary Quote**
- 3 Final Quote

Quote Reference Number:  
**14025164**

Need help? The agent below has you covered.

**240-338-8800** |   
**ROADWAY INSURANCE #4**

*The agent listed here is an authorized Maryland Auto provider.*

## You're really moving, WILLIAM! Please verify some additional information regarding the vehicles you'd like covered.

Do you primarily park your vehicle(s) in Maryland? *(Required)*

Yes

Primary use of your vehicle(s) *(Required)*

Personal (to/from work, school, erran...

Back Next

The screenshot shows a web browser window with the URL <https://www.mymarylandauto.com/producer-link/preliminary/drivers/1>. The page features the Maryland Auto Insurance logo and a navigation sidebar on the left. The sidebar includes a progress indicator with five steps: Pre-Quote, Qualifying Information, Driver(s), Vehicle(s), Coverage Options, Preliminary Quote (highlighted with a '2'), and Final Quote. The main content area is titled "Hey WILLIAM, let's verify your personal information." and contains a form with the following fields:

Name	Suffix	Date of birth
WILLIAM F FAWCETT	JR	03/19/1963

Gender: M

Marital status (Required):  Single  Married

Home or Cell phone # (Required): 4439806740

Email address (Required): fawcettw@aol.com

Preferred Language (Required): English

At the bottom of the form, there are "Back" and "Next" buttons. A red "Next" button is highlighted. A help message on the right side of the form reads: "Something look wrong here? This is information pulled directly from your driver's license. If something is shown incorrectly, please contact the Maryland Department of Transportation Motor Vehicle Administration (MDOT MVA)."

**MARYLAND AUTO INSURANCE**

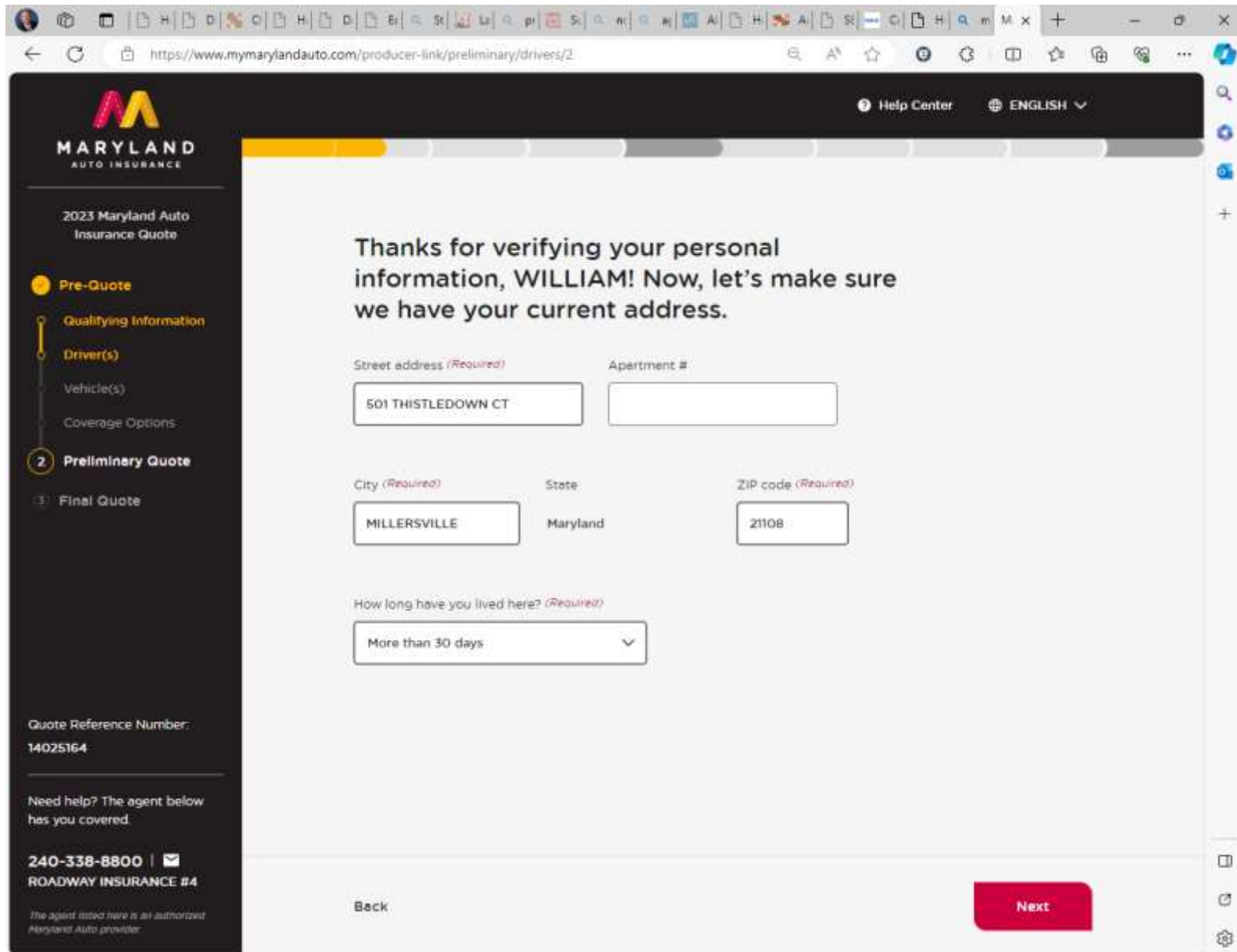
2023 Maryland Auto Insurance Quote

Quote Reference Number: 14025164

Need help? The agent below has you covered.

240-338-8800 | ROADWAY INSURANCE #4

*The agent listed here is an authorized Maryland Auto provider.*



Pre-filled so pulling from a database

The screenshot shows a web browser window with the URL <https://www.mymarylandauto.com/producer-link/preliminary/drivers/3>. The page header includes the Maryland Auto Insurance logo, a Help Center link, and a language selector set to English. A progress bar at the top indicates the current step in the application process.

**MARYLAND AUTO INSURANCE**

2023 Maryland Auto Insurance Quote

- Pre-Quote
- Qualifying Information
- Driver(s)
- Vehicle(s)
- Coverage Options
- 2 Preliminary Quote**
- 3 Final Quote

Quote Reference Number:  
**14025164**

Need help? The agent below has you covered.

**240-338-8800** |   
**ROADWAY INSURANCE #4**

*The agent listed here is an authorized Maryland Auto provider.*

## Hey WILLIAM, please tell us about your license status.

Primary Driver	Maryland License Status
WILLIAM F FAWCETT, JR	VALID

Number of major violations in the last 3 years? ⓘ

None ▾

Number of intermediate violations in the last 3 years? ⓘ

None ▾

Number of minor violations in the last 3 years? ⓘ

None ▾

Number of chargeable accidents in the last 3 years? ⓘ

None ▾

[Back](#) [Next](#)

The screenshot shows a web browser window with the URL <https://www.mymarylandauto.com/producer-link/preliminary/drivers/4>. The page features the Maryland Auto Insurance logo and a navigation sidebar on the left. The sidebar includes a progress indicator with five steps: Pre-Quote, Qualifying Information, Driver(s), Vehicle(s), Coverage Options, Preliminary Quote (highlighted with a '2'), and Final Quote. Below the sidebar, the quote reference number 14025164 is displayed, along with contact information for Roadway Insurance #4: 240-338-8800 and an email icon. A note states, "The agent listed here is an authorized Maryland Auto provider." The main content area has a heading "WILLIAM, would you like to add more drivers to your policy?" and a sub-heading "The policyholder listed below will be rated as a driver. If you are married, you'll need to add your marital partner as a driver on your policy. We also recommend adding drivers who regularly operate or have access to your vehicle(s)." Below this, a yellow bar displays the policyholder information: "WILLIAM F FAWCETT", "Policyholder", "License: Valid", and "FZ30887261207". A blue button with a plus sign and the text "Add another driver" is positioned below the bar. At the bottom of the page, there are "Back" and "Next" buttons.

**MARYLAND**  
AUTO INSURANCE

2023 Maryland Auto Insurance Quote


1 Pre-Quote

2 **Preliminary Quote**

3 Final Quote

Quote Reference Number:  
14025164



Need help? The agent below has you covered.

240-338-8800 |   
ROADWAY INSURANCE #4

*The agent listed here is an authorized Maryland Auto provider.*

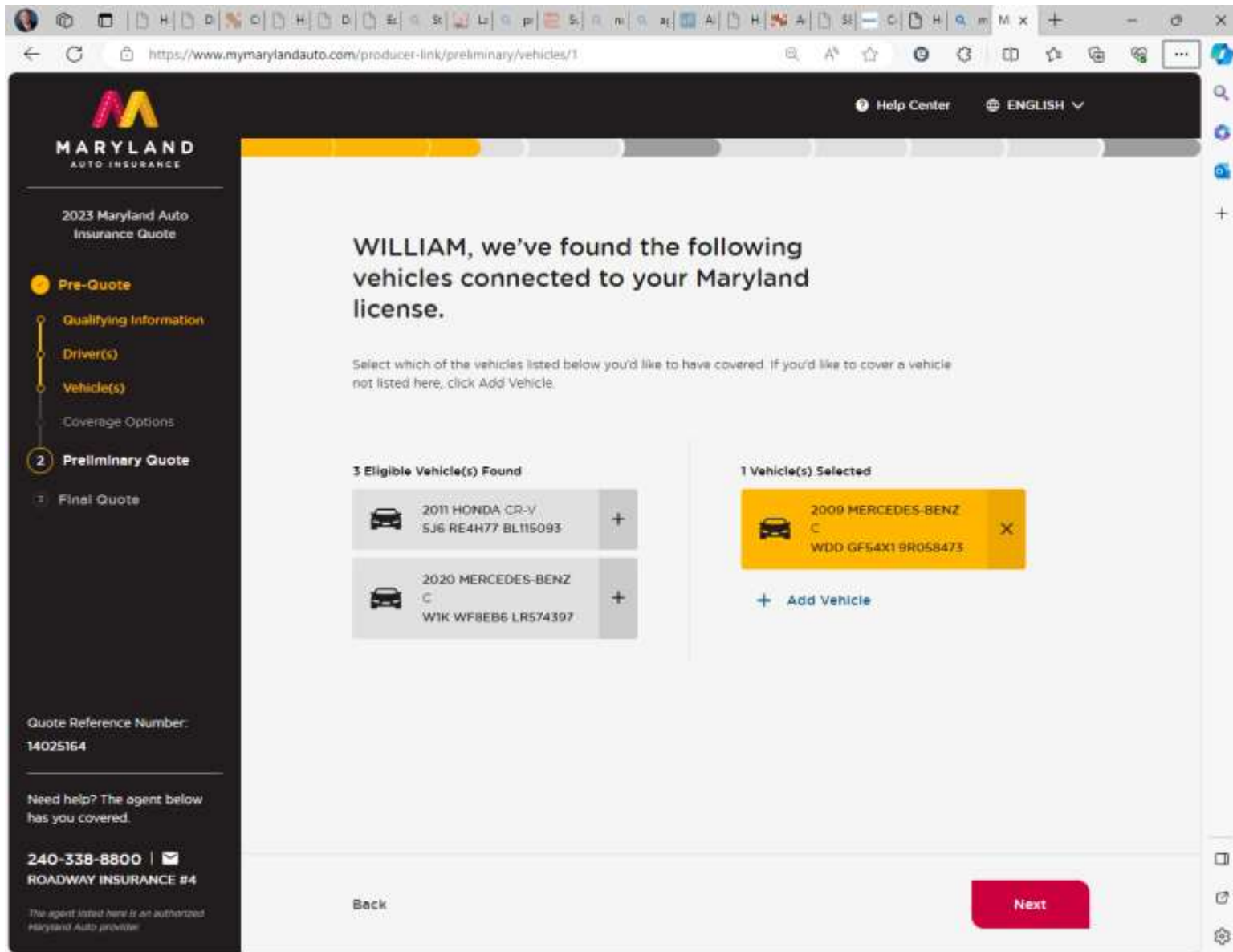
## WILLIAM, would you like to add more drivers to your policy?

The policyholder listed below will be rated as a driver. If you are married, you'll need to add your marital partner as a driver on your policy. We also recommend adding drivers who regularly operate or have access to your vehicle(s).

	WILLIAM F FAWCETT	Policyholder	License: Valid	
	FZ30887261207			

[+ Add another driver](#)

[Back](#) [Next](#)



Call out to DMV database

The screenshot shows a web browser window with the URL <https://www.mymarylandauto.com/producer-link/preliminary/vehicles/2>. The page features the Maryland Auto Insurance logo and a navigation sidebar on the left. The sidebar includes a progress indicator with five steps: Pre-Quote, Qualifying Information, Driver(s), Vehicle(s), Coverage Options, Preliminary Quote (highlighted with a '2'), and Final Quote. Below the sidebar, the quote reference number 14025164 is displayed, along with contact information for Roadway Insurance #4: 240-338-8800 and an email icon. A note states, "The agent listed here is an authorized Maryland Auto provider."

The main content area has a dark header with "Help Center" and "ENGLISH" options. The primary heading is "Ok, let's confirm your vehicle(s) information." Below this, a sub-heading reads "Please verify a few details for the vehicle(s) you've selected for coverage." A yellow box highlights the vehicle details: "2009 MERCEDES-BENZ C" and "WDD GF54X1 9R058473".

Two dropdown menus are present: "Primary use of this vehicle (Required)" with a help icon, currently set to "Personal (to/from work, school, erran..."; and "Do you own or lease this vehicle? (Required)" with a help icon, currently set to "Own and do not make payments". To the right of these forms, a help icon and text explain: "Why is this important? If you indicate you do lease or own and make payments to this vehicle, you must also have the same status on any additional vehicles you want to add to this policy."

At the bottom of the page, there are "Back" and "Next" buttons.

**MARYLAND**  
AUTO INSURANCE

2023 Maryland Auto Insurance Quote

- Pre-Quote
- Qualifying Information
- Driver(s)
- Vehicle(s)
- Coverage Options
- 2 Preliminary Quote**
- 3 Final Quote

Quote Reference Number:  
**14025164**

Need help? The agent below has you covered.

**240-338-8800** |   
**ROADWAY INSURANCE #4**

*The agent listed here is an authorized Maryland Auto provider.*

## Let's select your coverages. We'll start with the ones required by law.

Maryland law requires all motorists have Liability Insurance, Uninsured Motorist, and Personal Injury Protection (PIP) coverage.

- 1 Liability Insurance**
  - ✓ Pays for bodily injury to **another person**
  - ✓ Pays for damage to **someone else's property**
- 2 Uninsured Motorist**
  - ✓ **Protects you** from bodily injury caused by a driver using an uninsured vehicle
  - ✓ **Protects you** from property damage caused by a driver using an uninsured vehicle
  - ✓ **Protects you** from hit-and-run drivers
- 3 Personal Injury Protection**
  - ✓ Covers medical bills for **you and passengers** injured in a covered accident
  - ✓ Covers lost income for **you and passengers** injured in a covered accident

[Back](#) [Next](#)

The screenshot shows a web browser window with the URL <https://www.mymarylandauto.com/producer-link/preliminary/coverage/4>. The page header includes the Maryland Auto Insurance logo, a "Help Center" link, and a language selector set to "ENGLISH".

The main content area is titled "WILLIAM, here are your options for required Liability coverage." Below the title, a paragraph explains that liability insurance covers bodily injury to another person or property damage caused by a vehicle. A note states, "Be sure to choose liability coverage that fits your needs. (Required)".

Four coverage options are presented in a 2x2 grid:

Option	Bodily Injury (per person / per accident)	Property Damage (per accident)
Minimum Required By Law	\$30k / \$60k	\$15k
Standard	\$30k / \$60k	\$25k
Enhanced	\$50k / \$100k	\$50k
Maximum	\$100k / \$300k	\$100k

At the bottom of the page, there are "Back" and "Next" navigation buttons.

The left sidebar contains a navigation menu with the following items:

- Pre-Quote (checked)
- Qualifying Information
- Driver(s)
- Vehicle(s)
- Coverage Options
- 2 Preliminary Quote (active)
- 3 Final Quote

Below the menu, the "Quote Reference Number: 14025164" is displayed. At the bottom of the sidebar, contact information for "ROADWAY INSURANCE #4" is provided, including the phone number 240-338-8800 and an email icon. A disclaimer states: "The agent listed here is an authorized Maryland Auto provider."

The screenshot shows a web browser window with the URL <https://www.mymarylandauto.com/producer-link/preliminary/coverage/5>. The page features the Maryland Auto Insurance logo and a navigation menu on the left with the following items: Pre-Quote, Qualifying Information, Driver(s), Vehicle(s), Coverage Options, **2 Preliminary Quote**, and Final Quote. The main content area is titled "Your next required coverage is Uninsured Motorist protection." and includes the following text: "This coverage protects you from bodily injury and property damage caused by the operator of an uninsured automobile, including a hit-and-run driver, after any applicable deductible." Below this, it says "Choose the best coverage that keeps you protected against uninsured motorists. (Required)". A callout box titled "Uninsured Motorist Coverage" displays the following details: "Bodily Injury (per person / per accident) \$30k / \$60k" and "Property Damage (per accident) \$15k", with a note "Minimum Required By Law". A help icon and a question "Why don't I see more options? Your Uninsured Motorist (UM) coverage must have the same limits as your liability coverage. For more UM coverage go back to select a higher Liability coverage option." are also present. The bottom of the page has "Back" and "Next" buttons. The footer of the sidebar includes the quote reference number "14025164", contact information "240-338-8800 | ROADWAY INSURANCE #4", and a disclaimer: "The agent listed here is an authorized Maryland Auto provider."

The screenshot shows a web browser window displaying the Maryland Auto Insurance website. The browser's address bar shows the URL: <https://www.mymarylandauto.com/producer-link/preliminary/coverage/6>. The website header includes the Maryland Auto Insurance logo, a 'Help Center' link, and a language selector set to 'ENGLISH'. The main content area is titled 'You're making progress! Now it's time to choose your Personal Injury Protection (PIP)'. Below the title, there is a paragraph explaining PIP: 'Also known as "PIP" protection, this covers medical expenses and lost income for you and your passengers who are injured in a covered accident, up to \$2,500 per person. PIP pays your medical bills without regard to fault.' A sub-heading asks the user to 'Choose the level of PIP coverage that meets your needs. (Required)'. Three options are presented in cards: 'Full PIP' (More Coverage), 'Limited PIP' (Less Coverage), and 'No PIP' (No Coverage). Each card provides a detailed description of the coverage. A 'Back' button is on the left and a 'Next' button is on the right. A sidebar on the left contains a progress indicator with four steps: 'Pre-Quote', 'Qualifying Information', 'Driver(s)', 'Vehicle(s)', 'Coverage Options', '2 Preliminary Quote', and '3 Final Quote'. The sidebar also displays the quote reference number '14025164', contact information '240-338-8800 | ROADWAY INSURANCE #4', and a note that the agent is an authorized Maryland Auto provider.

**MARYLAND AUTO INSURANCE**

2023 Maryland Auto Insurance Quote

**Pre-Quote**

Qualifying Information

Driver(s)

Vehicle(s)

Coverage Options

**2 Preliminary Quote**

3 Final Quote

Quote Reference Number: 14025164

Need help? The agent below has you covered.

240-338-8800 | ROADWAY INSURANCE #4

*The agent listed here is an authorized Maryland Auto provider.*

## You're making progress! Now it's time to choose your Personal Injury Protection (PIP).


Also known as "PIP" protection, this covers medical expenses and lost income for you and your passengers who are injured in a covered accident, up to \$2,500 per person. PIP pays your medical bills without regard to fault.

Choose the level of PIP coverage that meets your needs. *(Required)*

More Coverage	Less Coverage	No Coverage
<b>Full PIP</b>	<b>Limited PIP</b>	<b>No PIP</b>
Coverage available for medical expenses, lost wages, and essential services needed as a result of the policyholder's involvement and injury in an incident regardless of fault. Coverage extends to you and your relatives while residing in your household. Covers up to <b>\$2,500</b> per person.	Coverage only applies to insured relatives under age 16 who live in the policyholder's home and includes medical expenses, lost wages and some essential services for these persons injured in a covered incident. Covers up to <b>\$2,500</b> per person.	This option is rejection of coverage. Coverage does not apply. When PIP is rejected, no coverage is available for medical expenses, lost wages, and essential services needed for you or any passengers through PIP coverage.

Back

Next




2023 Maryland Auto Insurance Quote

- Pre-Quote
- Qualifying Information
- Driver(s)
- Vehicle(s)
- Coverage Options
- 2 Preliminary Quote**
- Final Quote

Quote Reference Number:  
14025164

Need help? The agent below has you covered.


240-338-8800 |   
ROADWAY INSURANCE #4

The agent listed here is an authorized Maryland Auto provider.

Help Center   ENGLISH ▾

### Now, let's review some additional coverage options. Vehicles that are leased or have liens are required to carry Comprehensive and Collision coverage.

Vehicle(s) 1 of 1

 2009 MERCEDES C  
WDD GF54K1 19R058473

**1** Want rental reimbursement or roadside assistance coverage? You'll need to add both comprehensive and collision coverage to be eligible for the rental and roadside coverage options.

Would you like to add comprehensive coverage? It pays for damage to your car from almost all causes other than collision—such as theft, fire, hail, and animals. *(Required)* **1**

Yes    No

Deductible

500 Ded ▾

Would you like to add collision coverage? It pays for damage to your car caused by striking another car or object. *(Required)* **1**

Yes    No

Do you want to add rental reimbursement? This coverage pays for a rental vehicle when your vehicle is out of service because of a covered accident. Coverage limits are \$25 per day (with a maximum of \$750 per claim). *(Required)*

Yes    No

Do you want to add Roadside Assistance? This coverage provides 24-hour towing and emergency vehicle services. *(Required)* **1**

Yes    No

Back   **Next**

**MARYLAND**  
AUTO INSURANCE

2023 Maryland Auto Insurance Quote

- Pre-Quote
- Qualifying Information
- Driver(s)
- Vehicle(s)
- Coverage Options
- 2 Preliminary Quote**
- 1 Final Quote

Help Center | ENGLISH

### Now, let's review some additional coverage options. Vehicles that are leased or have liens are required to carry Comprehensive and Collision coverage.

Vehicle(s) 1 of 1

2009 MERCEDES C  
WDD GF54X1 19R058473

**!** Want rental reimbursement or roadside assistance coverage? You'll need to add both comprehensive and collision coverage to be eligible for the rental and roadside coverage options.

Would you like to add comprehensive coverage? It pays for damage to your car from almost all causes other than collision—such as theft, fire, hail, and

**You might want to check under the hood.**

You have selected comprehensive and collision coverages. Because of your vehicle's age, these coverages may not be cost effective. Give an Authorized Maryland Auto Provider, ROADWAY INSURANCE #4, a call at 240-338-8800 if you have any questions.

Do you want to add rental reimbursement? This coverage pays for a rental vehicle when your vehicle is out of service because of a covered accident. Coverage limits are \$25 per day (with a maximum of \$750 per claim). (Required)

Yes  No

Do you want to add Roadside Assistance? This coverage provides 24-hour towing and emergency vehicle services. (Required) **!**

Yes  No

Quote Reference Number:  
14025164

Need help? The agent below has you covered.

240-338-8800 |   
ROADWAY INSURANCE #4

The agent listed here is an authorized Maryland Auto provider.

Back

**MARYLAND**  
AUTO INSURANCE

2023 Maryland Auto Insurance Quote

● Pre-Quote

○ Qualifying Information

○ Driver(s)

○ Vehicle(s)

○ Coverage Options

**2 Preliminary Quote**

3 Final Quote

Quote Reference Number:  
**14025164**

Need help? The agent below has you covered.

**240-338-8800** | **ROADWAY INSURANCE #4**

*The agent listed here is an authorized Maryland Auto provider.*

Help Center ENGLISH

## We've got you covered. Now, let's get you started.

When would you like your coverage to start? (Today's date or a date within the next 10 days) *(Required)*

11/03/2023

Friday, November 3, 2023

November 2023

SUN	MON	TUE	WED	THU	FRI	SAT
29	30	31	1	2	<b>3</b>	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	1	2

Back Next

The screenshot displays the Maryland Auto Insurance website's preliminary quote page. The layout includes a dark sidebar on the left with the Maryland Auto Insurance logo and a progress indicator showing five steps: Pre-Quote, Qualifying Information, Driver(s), Vehicle(s), Coverage Options, Preliminary Quote (current step), and Final Quote. The main content area features a large yellow box with the quote amount, a quote summary on the right, and three sections for Closures, Vehicle(s), and Driver(s), each with an 'Edit' link. A 'Back' button and a red 'Finalize Quote' button are at the bottom.

**MARYLAND AUTO INSURANCE**

2023 Maryland Auto Insurance Quote

● Pre-Quote

○ Qualifying Information

○ Driver(s)

○ Vehicle(s)

○ Coverage Options

● 2 Preliminary Quote

○ Final Quote

Quote Reference Number: 14025164

Need help? The agent below has you covered.

240-338-8800 | ROADWAY INSURANCE #4

The agent listed here is an authorized Maryland Auto provider.

Help Center ENGLISH

We created your Preliminary Quote from the information you've shared so far. Check it out below!

Your quote is based on the vehicles, drivers, and coverages you've selected.

Get insured and get moving for **as little as**  
**\$478** today  
With total premium cost of **\$3,986\***  
Click "Finalize Quote" to confirm your estimate and see payment options.

\*Pricing may change based on our clients.

**QUOTE SUMMARY**  
Reference #: 14025164

Address  
501 THISTLEDOWN CT.  
MILLERSVILLE, MD 2108

Name  
WILLIAM FAWCETT

Email  
fawcettw@aol.com

Print Confirmation

**Closures** Edit

Policy Start Date  
11/03/2023

Liability Coverage  
\$30k/\$60k/\$15k

Show More

**Vehicle(s)** Edit

2009 Mercedes-Benz C  
Total annual premium coverage  
\$3,986

**Driver(s)** Edit

WILLIAM F FAWCETT  
License Status  
Valid

Back Finalize Quote

The screenshot displays the final quote page for a Maryland Auto Insurance policy. The page is titled "We've got you covered, WILLIAM! Check out your final quote and review your payment options." and includes a navigation sidebar, a main content area with payment plan options and coverages, and a right-hand summary panel.

**Navigation Sidebar:**

- 2023 Maryland Auto Insurance Quote
- Pre-Quote
- Preliminary Quote
- Final Quote**
- Payment Options
- Payment
- Registration

**Quote Reference Number:** 14025164

**Need help? The agent below has you covered.**

**240-338-8800 | ROADWAY INSURANCE #4**

*The agent listed here is an authorized Maryland Auto provider.*

**Main Content Area:**

**Payment Plan Options:**

- 9-Pay Plan:** \$403 today
- Pay in Full:** \$2,038 today
- Third-Party Financing:** \$268 today

**Get insured and get moving for:**

**\$403 today**

**With total premium cost of \$2,255**

**Coverages:**

- Policy Start Date: 11/03/2023
- Liability Coverage: \$30k/\$60k/\$15k

**Vehicle(s):**

- 2009 Mercedes-Benz C
- Total annual premium coverage: \$2,237

**Driver(s):**

- WILLIAM F FAWCETT
- License Status: Valid

**QUOTE SUMMARY:** Reference #: 14025164

**Address:** 501 THISTLEDOWN CT, HILLERSVILLE, MD 21068

**Name:** WILLIAM FAWCETT

**Email:** fawcettw@aol.com

**Print Confirmation**

**What is the difference between payment plans?**  
Maryland Auto's Installment Plan allows you to make payments directly to Maryland Auto with no additional interest added to your premium. Finance Companies are third party vendors that offer a lower down payment, but with added interest to your overall cost.

**Buttons:** Back, Next

The screenshot displays the Maryland Auto Insurance website's payment selection interface. The page is titled "Choose how you'd like to pay. Select one of the flexible options below." and features three main options, each with a detailed breakdown of costs and terms. The "Pay in Full" option is currently selected and highlighted with a dark background.

**Left Sidebar:**


- MARYLAND AUTO INSURANCE logo
- 2023 Maryland Auto Insurance Quote
- Progress indicators for: Pre-Quote, Preliminary Quote, Final Quote (active), Payment Options, Payment, and Registration.
- Quote Reference Number: 14025364
- Contact information: 240-338-8800 | ROADWAY INSURANCE #4
- Text: "Need help? The agent below has you covered."
- Text: "The agent listed here is an authorized Maryland Auto provider."

**Main Content Area:**

**Choose how you'd like to pay. Select one of the flexible options below.**

- 9-Pay Plan** (total cost \$2,255)
  - Total Cost: \$2,255
  - Due today (18% down payment): \$405
  - 1st Payment: \$204 Due: 12/03/2023
  - 8 Remaining Payments of: \$206 Due: Every 30 days thereafter
  - Installation Billing Fee Total: \$18
  - Note: Your first payment isn't due for 30 days. Installments are interest-free!
- Pay in Full** (total cost \$2,058) - **Selected**
  - Premium total: \$2,237
  - Full payment discount: \$179
  - Total Cost: \$2,058
  - Note: Paying in Full will save you \$179. Payments are accepted via credit or debit card.
- Third-Party Financing** (total cost \$2,483)
  - Financial agreement with U.S. CAPITAL ASSOCIATES LLC (U.S. CAPITAL ASSOCIATES is a third-party lender. Remaining payments will be made directly to them.)
  - Total Cost: \$2,483
  - Due today (12% down payment): \$288
  - 1st Payment: \$222 Due: 10 to 20 days after 11/01/2023
  - 3 Remaining Payments of: \$222 Due: Every 10 to 20 days thereafter
  - Note: The first payment due date from the insurer to the PFC may vary approximately 30 to 20 calendar days from the effective date of the policy based on the selected PFC's Premium Finance Agreement. This example is provided as a convenience and actual terms and payments may vary slightly based on the Premium Finance Agreement.

**Bottom Navigation:** Back (text), Next (red button)




2025 Maryland Auto Insurance Quote

- Pre-Quote
- Preliminary Quote
- Final Quote**
- Payment Options
- Payment
- Registration

Quote Reference Number:  
14025164

Need help? The agent below has you covered.

240-338-8800 |   
ROADWAY INSURANCE #4

The agent listed here is an authorized Maryland Auto provider.

Help Center ENGLISH

## WILLIAM, please enter your payment information to finalize your coverage.

Today's Payment (based on payment option selected)

**\$2,058** due today

Payment in full will save you \$29. Payments are accepted via check or debit card.

Card number (Required) CVV # (Required) **1** **1** What credit cards are accepted? We currently accept Discover, Mastercard and Visa.

Expires on (Required) ZIP code (Required)

Are you the credit card holder? (Required)

Yes  No

### E-signature

My electronic signature certifies that the information provided in this application is true and correct. If any of this information is not factual or if the payment to bind this coverage is not honored by the payor bank, the application will be void and no coverage afforded. This may make me subject to a fine by the Maryland Motor Vehicle Administration (MD MVA) for failure to maintain insurance. I also understand any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly and willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

**Notice to Applicants:** As a part of our process an investigative consumer report may be obtained including information regarding your residency, employment, driving record and prior insurance claim experience. All information obtained will be kept confidential by MD Auto in the ordinary course of business and is not generally available for public disclosure. Upon your written request we will furnish in writing a description of the nature

Back **I AGREE**

The screenshot displays the final quote page for a Maryland Auto Insurance policy. The page is titled "We've got you covered, WILLIAM! Check out your final quote and review your payment options." and includes a navigation sidebar, a main content area with payment plan options and a quote summary, and a footer with contact information.

**MARYLAND AUTO INSURANCE**

2023 Maryland Auto Insurance Quote

- Pre-Quote
- Preliminary Quote
- Final Quote**
- Payment Options
- Payment
- Registration

Quote Reference Number: 14025164

Need help? The agent below has you covered.  
240-338-8800 | ROADWAY INSURANCE #4

The agent listed here is an authorized Maryland Auto provider.

Help Center | ENGLISH

We've got you covered, WILLIAM! Check out your final quote and review your payment options.

When you're ready to make a selection, continue to the next page.

Payment Plan Options

- 9-Mo Pay Plan** \$403 today
- Pay in Full \$2,058 today
- Third-Party Financing \$268 today

Get insured and get moving for **\$403 today**

With total premium cost of \$2,255

Total Cost: \$2,255  
Due today (18% down payment): \$403  
1st Payment: \$204 Due: 12/03/2023  
8 Remaining Payments of: \$206 Due: Every 30 days thereafter  
Installment Billing Fee Total: \$18

**1** Your first payment isn't due for 30 days. Installments are interest-free!

Coverages Edit

Policy Start Date: 11/03/2023  
Liability Coverage: \$30k/\$60k/\$15k  
[Show More](#)

Vehicle(s) Edit

2009 Mercedes-Benz C  
Total annual premium coverage: \$2,255

QUOTE SUMMARY  
Reference #: 14025164

Address: 501 THISTLEDOWN CT, MILLERSVILLE, MD 21109  
Name: WILLIAM FAWCETT  
Email: fawcettw@aol.com

[Print Confirmation](#)

**1** What is the difference between payment plans?  
Maryland Auto's Installment Plan allows you to make payments directly to Maryland Auto with no additional interest added to your premium. Finance Companies are third party vendors that offer a lower down payment, but with added interest to your overall cost.

[Back](#) [Next](#)

**MARYLAND AUTO INSURANCE**

2023 Maryland Auto Insurance Quote

- Pre-Quote
- Preliminary Quote
- Final Quote**
- Payment Options
- Payment
- Registration

Quote Reference Number: 14025164

Need help? The agent below has you covered.

240-338-8800 | ROADWAY INSURANCE #4

The agent listed here is an authorized Maryland Auto provider.

Help Center ENGLISH

### We've got you covered, WILLIAM! Check out your final quote and review your payment options.

When you're ready to make a selection, continue to the next page.

#### Payment Plan Options

- 0-Pay Plan \$403 today
- Pay In Full \$2,058 today**
- Third-Party Financing \$268 today

Get insured and get moving for

# \$2,058 today

With total premium cost of \$2,058

Premium total: \$2,237  
Full payment discount: \$179  
Total Cost: \$2,058

**1** Paying in full will save you \$179. Payments are accepted via credit or debit card.

#### Coverages

Policy Start Date: 11/03/2023

Liability Coverage: \$30k/\$60k/\$15k

Show More

#### Vehicle(s)

2009 Mercedes-Benz C  
Total annual premium coverage: \$2,237

#### QUOTE SUMMARY

Reference #: 14025164

Address: 501 THISTLEDOWN CT, MILLERSVILLE, MD 21068

Name: WILLIAM FAWCETT

Email: fawcettw@aol.com

**1** Print Confirmation

**1** What is the difference between payment plans?  
Maryland Auto's Installment Plan allows you to make payments directly to Maryland Auto with no additional interest added to your premium. Finance Companies are third party vendors that offer a lower down payment, but with added interest to your overall cost.

Back Next

**MARYLAND AUTO INSURANCE**

2023 Maryland Auto Insurance Quote

- Pre-Quote
- Preliminary Quote
- Final Quote**
- Payment Options
- Payment
- Registration

Quote Reference Number: 14025164

Need help? The agent below has you covered.

240-338-8800 | ROADWAY INSURANCE #4

The agent listed here is an authorized Maryland Auto provider.

Help Center ENGLISH

### We've got you covered, WILLIAM! Check out your final quote and review your payment options.

When you're ready to make a selection, continue to the next page.

#### Payment Plan Options

- 9-Pay Plan **\$403 today**
- Pay in Full **\$2,058 today**
- Third-Party Financing **\$268 today****

Get insured and get moving for

# \$268 today

With total premium cost of **\$2,483**

#### QUOTE SUMMARY

Reference #: 14025164

**Address**  
501 THISTLEDOWN CT  
MILLERSVILLE, MD 21108

**Name**  
WILLIAM FAWCETT

**Email**  
fawcettw@edl.com

[Print Confirmation](#)

**What is the difference between payment plans?**  
Maryland Auto's Installment Plan allows you to make payments directly to Maryland Auto with no additional interest added to your premium. Finance Companies are third party vendors that offer a lower down payment, but with added interest to your overall cost.

**Financial agreement with U.S. CAPITAL ASSOCIATES**  
U.S. CAPITAL ASSOCIATES is a third-party lender. Remaining payments will be made directly to them.

Total Cost: \$2,483  
Due today (12% down payment): \$268  
1st Payment: \$222 **Due: 10 to 20 days after 11/05/2023**  
9 Remaining Payments of: \$222 **Due: Every 10 to 20 days thereafter**

The first payment due date from the insured to the RFC may vary approximately 10 to 20 calendar days from the effective date of the policy based on the selected RFC's Premium Finance Agreement.  
This estimate is provided as a convenience and actual terms and payments may vary slightly based on the Premium Finance Agreement.

#### Coverages

Policy Start Date: 11/03/2023  
Liability Coverage: \$30k/\$60k/\$15k  
[Show More](#)

#### Vehicle(s)

[Back](#) [Next](#)

The screenshot displays the Maryland Auto Insurance website's payment selection interface. On the left, a dark sidebar contains the Maryland Auto Insurance logo and a navigation menu with steps: Pre-Quote, Preliminary Quote, Final Quote (highlighted with a '5'), Payment Options, Payment, and Registration. Below the menu, it lists the Quote Reference Number 14025164 and contact information for Roadway Insurance #4. The main content area features a heading: "Choose how you'd like to pay. Select one of the flexible options below." Three payment options are presented in white boxes with black borders. The first option is the "9-Pay Plan" with a total cost of \$2,255. The second is "Pay in Full" with a total cost of \$2,058. The third is "Third-Party Financing" with a total cost of \$2,483, which is highlighted with a dark header. Each option includes details on total cost, down payment, first payment, remaining payments, and installment billing fees. A "Back" button is located at the bottom left, and a red "Next" button is at the bottom right.

**MARYLAND AUTO INSURANCE**

2023 Maryland Auto Insurance Quote

- Pre-Quote
- Preliminary Quote
- 5 Final Quote**
- Payment Options
- Payment
- Registration

Quote Reference Number: 14025164

Need help? The agent below has you covered.

240-338-8800 | ROADWAY INSURANCE #4

The agent listed here is an authorized Maryland Auto provider.

Help Center ENGLISH

### Choose how you'd like to pay. Select one of the flexible options below.

**9-Pay Plan** total cost **\$2,255**

Total Cost: \$2,255  
Due today (18% down payment): \$403  
1st Payment: \$204 Due: 12/05/2023  
8 Remaining Payments of: \$206 Due: Every 30 days thereafter  
Installment Billing Fee Total: \$18

Your first payment isn't due for 30 days. Installments are interest-free!

**Pay in Full** total cost **\$2,058**

Premium total: \$2,237  
Full payment discount: \$179  
Total Cost: \$2,058

Paying in full will save you \$179. Payments are accepted via credit or debit card.

**Third-Party Financing** total cost **\$2,483**


Financial agreement with **U.S. CAPITAL ASSOCIATES**  
U.S. CAPITAL ASSOCIATES is a third-party lender. Remaining payments will be made directly to them.

Total Cost: \$2,483  
Due today (12% down payment): \$268  
1st Payment: \$222 Due: 10 to 20 days after 11/03/2023  
9 Remaining Payments of: \$222 Due: Every 10 to 20 days thereafter

The first payment due date from the insured to the PFC may vary approximately 10 to 20 calendar days from the effective date of the policy based on the selected PFC's Premium Finance Agreement.

This estimate is provided as a convenience and actual terms and payments may vary slightly based on the Premium Finance Agreement.

Back Next



2023 Maryland Auto Insurance Quote

- Pre-Quote
- Preliminary Quote
- Final Quote**
- Payment Options
- Payment
- Registration

Quote Reference Number: 14025164

Need help? The agent below has you covered.

240-338-8800 | ROADWAY INSURANCE #4

The agent listed here is an authorized Maryland Auto provider.

Help Center ENGLISH

## WILLIAM, please enter your payment information to finalize your coverage.

Today's Payment (based on payment option selected)

**\$268** due today

Financial agreement with **U.S. CAPITAL ASSOCIATES**  
U.S. CAPITAL ASSOCIATES is a third-party lender. Remaining payments will be made directly to them.

1st Payment: \$222 **Due: 10 to 20 days after 11/03/2023**

3 Remaining Payments of: \$222 **Due: Every 10 to 20 days thereafter**

1 The first payment due date from the insured to the PFC may vary approximately 10 to 20 calendar days from the effective date of the policy, based on the selected PFC's Premium Finance Agreement.

This estimate is provided as a convenience and actual terms and payments may vary slightly based on the Premium Finance Agreement.

Card number (Required) CVV # (Required) **1** **1** What credit cards are accepted? We currently accept Discover, Mastercard, and Visa.

Expires on (Required) ZIP code (Required)

Are you the credit card holder? (Required)

### E-signature

My electronic signature certifies that the information provided in this application is true and correct. If any of this information is not factual or if the payment to bind this coverage is not honored by the payor bank, the application will be void and no coverage afforded. This may make me subject to a fine by the Maryland Motor Vehicle Administration (MD MVA) for failure to maintain insurance. I also understand any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who

Back I AGREE

The screenshot displays the Maryland Auto Insurance website's payment selection interface. The page is titled "Choose how you'd like to pay. Select one of the flexible options below." and features three main payment options, each with a total cost and detailed breakdown of payments and fees.


**Left Sidebar:**

- MARYLAND AUTO INSURANCE logo
- 2023 Maryland Auto Insurance Quote
- Progress indicators for: Pre-Quote, Preliminary Quote, Final Quote (selected), Payment Options, Payment, and Registration.
- Quote Reference Number: 14025164
- Contact information: 240-338-8800 | ROADWAY INSURANCE #4
- Text: "Need help? The agent below has you covered."
- Disclaimer: "The agent listed here is an authorized Maryland Auto provider."

**Payment Options:**

- 9-Pay Plan (Selected):** Total cost \$2,255. Due today (18% down payment): \$403. 1st Payment: \$204 Due: 12/03/2023. 8 Remaining Payments of: \$206 Due: Every 30 days thereafter. Installment Billing Fee Total: \$18. Note: "Your first payment isn't due for 30 days. Installments are interest-free!"
- Pay in Full:** Total cost \$2,058. Premium total: \$2,237. Full payment discount: \$179. Total Cost: \$2,058. Note: "Paying in full will save you 8.9%. Payments are processed via credit or debit card."
- Third-Party Financing:** Total cost \$2,483. Financial agreement with U.S. CAPITAL ASSOCIATES. U.S. CAPITAL ASSOCIATES is a third-party lender. Remaining payments will be made directly to them. Total Cost: \$2,483. Due today (12% down payment): \$368. 1st Payment: \$222 Due: 30 to 20 days after 11/03/2023. 9 Remaining Payments of: \$222 Due: Every 30 to 20 days thereafter. Note: "The first payment due date from the insured to the PFC may vary approximately 10 to 20 calendar days from the effective date of the policy, based on the selected PFC's Premium Finance Agreement. This estimate is provided as a convenience and actual terms and payments may vary slightly based on the Premium Finance Agreement."

**Bottom Navigation:** Back button and Next button.




2023 Maryland Auto Insurance Quote

- Pre-Quote
- Preliminary Quote
- Final Quote**
- Payment Options
- Payment
- Registration

Quote Reference Number:  
14025164

Need help? The agent below has you covered.

240-338-8800 |   
ROADWAY INSURANCE #4

The agent listed here is an authorized Maryland Auto provider.

Help Center ENGLISH

### WILLIAM, please enter your payment information to finalize your coverage.

Today's Payment (based on payment option selected)

**\$403** due today

1st Payment: \$204 **Due: 12/03/2023**

8 Remaining Payments of: \$206 **Due: Every 30 days thereafter**

ⓘ Your first payment or 1 due for 30 days (whichever are later) will apply.

Card number (Required) CVV # (Required) ⓘ **What credit cards are accepted?**  
We currently accept Discover, Mastercard, and Visa.

Expires on (Required) ZIP code (Required)

Are you the credit card holder? (Required)

Yes  No

#### E-signature

My electronic signature certifies that the information provided in this application is true and correct. If any of this information is not factual or if the payment to bind this coverage is not honored by the payor bank, the application will be void and no coverage afforded. This may make me subject to a fine by the Maryland Motor Vehicle Administration (MD MVA) for failure to maintain insurance. I also understand any person who knowingly and willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly and willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

[Back](#) [I AGREE](#)

## Ranking of States by Residual\* and Total Market Premium

State	Residual Market Rank	2022 Residual Market Premium	Private Passenger % of Residual	Commercial % of Residual	Total Market Rank	2022 NAIC Page 15 Total Market Premium	Residual % of Total Market	Private Passenger % of Total Market	Commercial % of Total Market
North Carolina	1	\$1,147,135,754	87.4%	12.6%	10	\$9,116,085,346	12.584%	83.5%	16.5%
Massachusetts	2	\$233,171,554	20.3%	79.7%	16	\$6,873,646,063	3.392%	82.9%	17.1%
New York	3	\$115,610,051	58.6%	41.4%	4	\$18,609,951,985	0.621%	82.1%	17.9%
New Jersey *	4	\$87,365,610	41.2%	58.8%	8	\$10,647,737,429	0.821%	79.3%	20.7%
Maryland	5	\$63,985,301	87.4%	12.6%	17	\$6,610,812,366	0.968%	85.6%	14.4%
Illinois	6	\$62,192,088	0.1%	99.9%	7	\$11,123,655,000	0.559%	76.3%	23.7%
Ohio	7	\$36,412,790	0.0%	100.0%	11	\$8,987,942,300	0.405%	81.6%	18.4%
California *	8	\$21,208,980	41.6%	58.4%	1	\$39,873,719,518	0.053%	82.0%	18.0%
Michigan	9	\$17,891,702	3.5%	96.5%	9	\$10,616,367,421	0.169%	86.9%	13.1%
Rhode Island	10	\$13,571,505	74.0%	26.0%	41	\$1,194,466,241	1.136%	86.6%	13.4%
Iowa	11	\$13,113,969	0.1%	99.9%	34	\$2,719,481,213	0.482%	77.4%	22.6%
Pennsylvania	12	\$4,839,747	27.2%	72.8%	6	\$11,807,289,072	0.041%	81.4%	18.6%
Kansas	13	\$4,247,875	10.7%	89.3%	35	\$2,680,885,041	0.158%	82.0%	18.0%
Virginia	14	\$4,173,708	4.1%	95.9%	12	\$7,718,311,245	0.054%	85.4%	14.6%
Minnesota	15	\$3,341,225	1.1%	98.9%	23	\$5,169,343,879	0.065%	83.4%	16.6%
Hawaii	16	\$3,168,016	36.9%	63.1%	45	\$973,005,773	0.326%	86.0%	14.0%
Indiana	17	\$2,496,925	0.2%	99.8%	22	\$5,572,910,201	0.045%	79.2%	20.8%
Texas	18	\$2,466,760	37.4%	62.6%	2	\$33,162,835,050	0.007%	79.9%	20.1%
Colorado	19	\$2,280,269	0.1%	99.9%	15	\$7,061,136,430	0.032%	85.9%	14.1%
Wisconsin	20	\$2,210,765	0.7%	99.3%	25	\$4,507,199,610	0.049%	80.5%	19.5%
West Virginia	21	\$2,148,749	1.0%	99.0%	39	\$1,544,590,155	0.139%	85.8%	14.2%
Missouri	22	\$2,099,753	0.3%	99.7%	21	\$5,758,443,240	0.036%	82.3%	17.7%
Connecticut	23	\$1,794,999	4.3%	95.7%	28	\$3,858,318,793	0.047%	84.6%	15.4%
Florida	24	\$1,418,192	17.6%	82.4%	3	\$30,353,815,308	0.005%	83.5%	16.5%
Nevada	25	\$1,382,942	0.0%	100.0%	30	\$3,830,035,220	0.036%	81.3%	18.7%
District of Columbia	26	\$1,374,900	12.0%	88.0%	51	\$467,928,164	0.294%	84.3%	15.7%
Delaware	27	\$1,279,068	0.2%	99.8%	40	\$1,198,283,404	0.107%	83.1%	16.9%
New Hampshire	28	\$1,155,134	5.8%	94.2%	43	\$1,172,042,905	0.099%	83.6%	16.4%
New Mexico	29	\$1,094,087	0.1%	99.9%	36	\$2,004,481,731	0.055%	84.0%	16.0%
Washington	30	\$863,782	0.4%	99.6%	14	\$7,085,213,400	0.012%	84.3%	15.7%

## Ranking of States by Residual\* and Total Market Premium

South Carolina	31	\$834,263	2.1%	97.9%	19	\$6,024,760,078	0.014%	86.7%	13.3%
Wyoming	32	\$435,710	0.0%	100.0%	49	\$615,972,899	0.071%	79.4%	20.6%
Oklahoma	33	\$429,546	0.3%	99.7%	29	\$3,841,881,131	0.011%	81.9%	18.1%
Louisiana	34	\$410,335	0.0%	100.0%	20	\$6,014,740,835	0.007%	82.5%	17.5%
Vermont	35	\$385,016	2.6%	97.4%	50	\$498,460,629	0.077%	81.2%	18.8%
Arizona	36	\$372,136	0.7%	99.3%	13	\$7,588,326,831	0.005%	85.5%	14.5%
Nebraska	37	\$359,462	3.4%	96.6%	37	\$1,913,554,971	0.019%	78.8%	21.2%
Tennessee	38	\$316,565	1.3%	98.7%	18	\$6,215,420,177	0.005%	82.7%	17.3%
Kentucky	39	\$295,302	7.6%	92.4%	27	\$3,969,023,142	0.007%	84.4%	15.6%
Maine	40	\$267,004	0.0%	100.0%	44	\$1,087,549,202	0.025%	81.2%	18.8%
Utah	41	\$211,507	0.0%	100.0%	31	\$3,233,625,341	0.007%	83.9%	16.1%
Idaho	42	\$133,175	0.0%	100.0%	38	\$1,656,273,258	0.008%	81.1%	18.9%
Georgia	43	\$123,908	0.0%	100.0%	5	\$13,773,185,240	0.001%	81.8%	18.2%
Arkansas	44	\$104,901	13.3%	86.7%	32	\$2,874,517,508	0.004%	81.4%	18.6%
Oregon	45	\$75,423	18.7%	81.3%	26	\$3,993,262,291	0.002%	84.4%	15.6%
South Dakota	46	\$50,264	3.5%	96.5%	46	\$887,442,484	0.006%	78.3%	21.7%
Alaska	47	\$37,394	13.1%	86.9%	48	\$640,212,162	0.006%	84.7%	15.3%
North Dakota	48	\$24,872	49.4%	50.6%	47	\$745,940,736	0.003%	73.5%	26.5%
Montana	49	\$16,704	35.0%	65.0%	42	\$1,184,960,392	0.001%	79.4%	20.6%
Mississippi	50	\$11,167	0.0%	100.0%	33	\$2,817,629,880	0.000%	79.8%	20.2%
Alabama	51	-\$23,297	0.0%	100.0%	24	\$4,896,913,562	0.000%	83.0%	17.0%
<b>Countrywide</b>		<b>\$1,860,367,557</b>	<b>66.3%</b>	<b>33.7%</b>		<b>\$336,773,586,252</b>	<b>0.552%</b>	<b>82.3%</b>	<b>17.7%</b>

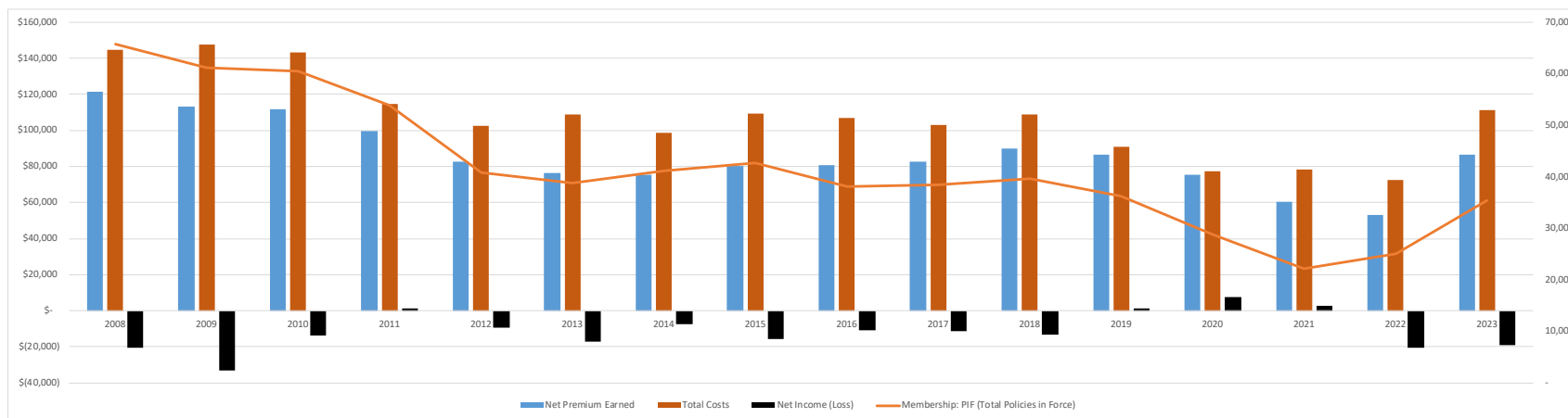
\* Voluntary market data managed by AIPSO for CA Low Cost and NJ SAIP have been included.

Appendix for table 02

Historical trend in MAIF's actual financial results from 2008 to 2022 and projections to 2023.

<i>Sin (000's)</i>																PROJECTED	
Net Income (Loss)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Net Premium Earned	\$ 121,561	\$ 113,138	\$ 111,932	\$ 99,538	\$ 82,797	\$ 76,233	\$ 75,167	\$ 80,146	\$ 80,723	\$ 82,539	\$ 89,732	\$ 86,627	\$ 75,273	\$ 60,264	\$ 53,271	\$ 86,555	
Loss Incurred	\$ 114,723	\$ 120,068	\$ 116,499	\$ 90,260	\$ 76,451	\$ 79,426	\$ 71,352	\$ 83,953	\$ 81,761	\$ 80,551	\$ 87,448	\$ 73,684	\$ 60,806	\$ 63,422	\$ 56,214	\$ 90,743	
Total Administrative Expenses	\$ 29,744	\$ 27,555	\$ 26,835	\$ 24,139	\$ 26,234	\$ 29,232	\$ 27,256	\$ 25,159	\$ 25,281	\$ 22,561	\$ 21,225	\$ 17,029	\$ 16,613	\$ 14,738	\$ 16,452	\$ 20,367	
Total Costs	\$ 144,467	\$ 147,623	\$ 143,334	\$ 114,400	\$ 102,686	\$ 108,658	\$ 98,609	\$ 109,111	\$ 107,042	\$ 103,113	\$ 108,673	\$ 90,713	\$ 77,419	\$ 78,160	\$ 72,666	\$ 111,110	
Net Underwriting Gain (Loss)	\$ (22,906)	\$ (34,485)	\$ (31,402)	\$ (14,862)	\$ (19,888)	\$ (32,425)	\$ (23,442)	\$ (28,966)	\$ (26,319)	\$ (20,573)	\$ (18,941)	\$ (4,086)	\$ (2,146)	\$ (17,896)	\$ (19,395)	\$ (24,554)	
Investment Income	\$ 9,028	\$ 5,039	\$ 8,472	\$ 9,381	\$ 4,058	\$ 5,102	\$ 4,572	\$ 3,629	\$ 2,808	\$ 3,044	\$ 3,573	\$ 3,528	\$ 3,350	\$ 3,423	\$ 2,041	\$ 5,410	
Realized Capital Gain	\$ (6,919)	\$ (3,769)	\$ 8,929	\$ 6,837	\$ 6,211	\$ 10,273	\$ 11,388	\$ 9,523	\$ 12,688	\$ 5,926	\$ 1,877	\$ 1,643	\$ 6,111	\$ 17,178	\$ (3,351)	\$ -	
Other Income	\$ 71	\$ 63	\$ 127	\$ 96	\$ 36	\$ (49)	\$ 51	\$ 56	\$ 18	\$ 193	\$ 104	\$ 142	\$ 58	\$ 75	\$ 49	\$ 126	
Income, Cap. G/L																	
Other	\$ 2,180	\$ 1,334	\$ 17,527	\$ 16,314	\$ 10,306	\$ 15,326	\$ 16,012	\$ 13,208	\$ 15,514	\$ 9,163	\$ 5,553	\$ 5,312	\$ 9,519	\$ 20,675	\$ (1,262)	\$ 5,536	
Net Income (Loss)	\$ (20,726)	\$ (33,151)	\$ (13,875)	\$ 1,453	\$ (9,582)	\$ (17,099)	\$ (7,430)	\$ (15,758)	\$ (10,804)	\$ (11,410)	\$ (13,387)	\$ 1,226	\$ 7,372	\$ 2,779	\$ (20,657)	\$ (19,018)	

Membership: PIF (Total Policies in Force)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	65,700	61,148	60,496	53,797	40,795	38,742	41,161	42,736	38,121	38,350	39,603	36,261	28,709	22,113	24,961	35,316



Penalties for Driving without Auto Insurance by State as of 2014 and 2023

State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
Alabama	<p><b>Fine:</b> Up to \$500 fine.</p> <p><b>Imprisonment:</b> Not more than 3 months (Per statute governing a Class C Misdemeanor; imprisonment not listed in state manual).</p> <p><b>Suspension of Registration:</b> Suspension with \$200 reinstatement of registration fee; must demonstrate proof of insurance for 1 year after reinstatement</p>	<p><b>Subsequent Offenses</b></p> <p><b>Fine:</b> Up to \$1,000 (According to state pamphlet) Note: Statute (32-7A-12) defines 2<sup>nd</sup> offense as a Class B Misdemeanor, which includes a fine of up to \$3,000.</p> <p><b>Imprisonment:</b> Not more than 6 months (Per statute governing a Class B Misdemeanor; imprisonment not listed in state manual).</p> <p><b>Suspension of License:</b> And/or a 6 month suspension (according to manual).</p> <p><b>Suspension of Registration:</b> registration suspension for 4 months and \$400 reinstatement of registration fee; must demonstrate proof of insurance for 3 years after reinstatement.</p>	<p><b>NOTE:</b> The penalties referenced in the state manuals and pamphlets are from the original Act found here: <a href="http://arc-sos.state.al.us/cgi/actdetail.mbr/detail?year=2000&amp;act=%20554&amp;page=description">http://arc-sos.state.al.us/cgi/actdetail.mbr/detail?year=2000&amp;act=%20554&amp;page=description</a></p> <p>Those penalties are no longer listed in the statute.</p>	<p><b>Mandatory Liability Insurance Manual</b> <a href="http://www.revenue.alabama.gov/motorvehicle/pdf/mlimanual.pdf">www.revenue.alabama.gov/motorvehicle/pdf/mlimanual.pdf</a></p> <p><b>Brochure: Be Sure to Insure!</b> <a href="http://revenue.alabama.gov/publications/motorvehicles/Be_Sure_to_Insure!_The_Mandatory_Liability_Insurance_Act.pdf">http://revenue.alabama.gov/publications/motorvehicles/Be_Sure_to_Insure!_The_Mandatory_Liability_Insurance_Act.pdf</a></p> <p><b>Section 32-7A-12</b> <b>Suspension of registration.</b> “Upon conviction of a second offense the violator shall be guilty of a Class B misdemeanor.” <a href="http://alisondb.legislature.state.al.us/acas/codeofalabama/1975/coatoc.htm">http://alisondb.legislature.state.al.us/acas/codeofalabama/1975/coatoc.htm</a></p> <p><b>Section 32-7A-16 Other Violations (Class C Misdemeanor for operating without liability policy)</b> <a href="http://alisondb.legislature.state.al.us/acas/codeofalabama/1975/coatoc.htm">http://alisondb.legislature.state.al.us/acas/codeofalabama/1975/coatoc.htm</a></p> <p><b>Section 13A-5-12</b> <b>Fines for misdemeanors and violations.</b> <a href="http://alisondb.legislature.state.al.us/acas/codeofalabama/1975/coatoc.htm">http://alisondb.legislature.state.al.us/acas/codeofalabama/1975/coatoc.htm</a></p> <p><b>Section 13A-5-7</b> <b>Sentences of imprisonment for misdemeanors and violations.</b> <a href="http://alisondb.legislature.state.al.us/acas/codeofalabama/1975/coatoc.htm">http://alisondb.legislature.state.al.us/acas/codeofalabama/1975/coatoc.htm</a></p>	<p><i>Less stringent (no jail time)</i></p> <p><b>First Violation:</b> \$500; suspended registration with \$200 reinstatement fee.</p> <p><b>Subsequent Violation:</b> up to \$1,000; suspended registration with \$400 reinstatement fee.</p> <p>Motor Vehicles and Traffic § 32-7A-12</p> <p>Changed in 2019</p>
Alaska	<p><b>Suspension of License:</b> Not less than 90 day suspension of license</p>	<p><b>Subsequent Violation within 10 years</b></p> <p><b>Suspension of License:</b> Not less than 1 year.</p>		<p><b>Alaska Code 28.22.041</b> <a href="http://www.legis.state.ak.us/basis/folioproxy.asp?url=http://www.jnu01.legis.state.ak.us/cgi-bin/folioisa.dll/stattx05/query=*doc/{@12365}?next">http://www.legis.state.ak.us/basis/folioproxy.asp?url=http://www.jnu01.legis.state.ak.us/cgi-bin/folioisa.dll/stattx05/query=*doc/{@12365}?next</a></p>	<p><i>Less Stringent (no suspension)</i></p> <p><b>Any Violation:</b> \$500 fine</p> <p>Motor Vehicles § 28.22.019</p> <p>Changed in 2013</p>

Penalties for Driving without Auto Insurance by State as of 2014 and 2023

State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
Arizona	<p><b>Fine:</b> At least \$500</p> <p><b>Suspension of License and Registration:</b> 3 months. License plates also taken.</p>	<p><b>Second violation within 36 months</b></p> <p><b>Fine:</b> At least \$750.</p> <p><b>Suspension of License and Registration:</b> 6 months. License plates also taken.</p>	<p><b>Third or subsequent violation within 36 months</b></p> <p><b>Fine:</b> At least \$1,000</p> <p><b>Suspension of License and Registration:</b> 1 year. License plates also taken. Must file proof of financial responsibility.</p>	<p><b>ARS 28-4135</b>  <a href="http://www.azleg.gov/FormatDocument.asp?inDoc=/ars/28/04135.htm&amp;Title=28&amp;DocType=ARS">http://www.azleg.gov/FormatDocument.asp?inDoc=/ars/28/04135.htm&amp;Title=28&amp;DocType=ARS</a></p>	<p>No Change</p> <p>Section 28-4135</p>
Arkansas	<p><b>Fine:</b> \$50-\$250</p> <p><b>Suspension of Registration:</b> Suspended until proof of insurance coverage and a \$20 fee.</p>	<p><b>Fine:</b> \$250-\$500 and the minimum fine shall be mandatory.</p> <p><b>Suspension of Registration:</b> Suspended until proof of insurance coverage and a \$20 fee.</p>	<p><b>Third or Subsequent Fine:</b> \$500-\$1,000</p> <p><b>Imprisonment:</b> or sentenced to 1 year in jail, or both</p> <p><b>Suspension of Registration:</b> Suspended until proof of insurance coverage and a \$20 fee.</p>	<p><b>ACA 27-22-103 Penalty</b>  <a href="http://www.lexisnexis.com/hottopics/arcode/Default.asp">http://www.lexisnexis.com/hottopics/arcode/Default.asp</a></p>	<p><i>More stringent (higher first time fine)</i></p> <p><b>First Violation:</b> \$100-\$250 fine; suspension until proof of insurance and \$20 fee paid.</p> <p><b>Second Violation:</b> \$250-\$500 fine suspension until proof of insurance and \$20 fee paid</p> <p><b>Subsequent Violation:</b> \$500 to \$1,000 fine; up to 1 year in jail; or both; suspension until proof of insurance and \$20 fee paid</p> <p>Section 27-22-103</p> <p>Changed in 2019</p>

Penalties for Driving without Auto Insurance by State as of 2014 and 2023

State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
California	<p><b>Fine:</b> \$100-\$200 plus penalty assessments</p> <p><b>Impoundment:</b> The court may order impoundment of the vehicle.</p>	<p><b>Subsequent conviction, occurring within three years</b></p> <p><b>Fine:</b> \$200-\$500 plus penalty assessments.</p> <p><b>Impoundment:</b> The court may order impoundment of the vehicle.</p>		<p>Vehicle Code Section 16029 <a href="http://dmv.ca.gov/pubs/vctop/d07/vc16029.htm">http://dmv.ca.gov/pubs/vctop/d07/vc16029.htm</a></p>	<p>No Change</p> <p>California Code, Vehicle Code – VEH § 16029 As of 2023</p>
Colorado	<p><b>Fine:</b> Not less than \$500.</p> <p><b>Community Service:</b> At the discretion of the court, be sentenced to perform not less than 40 hours of community service</p> <p><b>License Suspension:</b> If proof of financial responsibility not provided.</p>	<p><b>Subsequent conviction within a period of five years</b></p> <p><b>Fine:</b> Not less than \$1,000.</p> <p><b>Community Service:</b> At the discretion of the court, be sentenced to perform not less than 40 hours of community service.</p> <p><b>License Suspension:</b> Until proof of financial responsibility provided.</p> <p><b>Imprisonment:</b> Discretion to imprison 10 days to 1 year.</p>	<p>Subsequent offenses built into second offense</p>	<p><b>Title 42 Regulations of Vehicles and Traffic Part 14 Other Offenses</b></p> <p>42-4-1409. <b>Compulsory insurance - penalty - legislative intent</b></p> <p>42-4-1410. <b>Proof of financial responsibility required - suspension of license</b></p> <p>42-4-1701 (3)(a)(II)(A) <b>Traffic offenses and infractions classified - penalties - penalty and surcharge schedule - repeal</b></p> <p><a href="http://www.lexisnexis.com/hottopics/Colorado/">http://www.lexisnexis.com/hottopics/Colorado/</a></p>	<p><i>Less stringent (no suspension)</i></p> <p><b>First Violation:</b> at least \$500; 10 days to 1 year in prison; Possible community service no less than 40 hours.</p> <p><b>Subsequent Violation:</b> at least \$1,000; 10 days to 1 year in prison; Possible community service no less than 40 hours.</p> <p>C.R.S. 42-4-1409 C.R.S. 42-4-1701</p> <p>Changed in 2023</p>

Penalties for Driving without Auto Insurance by State as of 2014 and 2023

State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
Connecticut	<p><b>Fine:</b> \$100-\$1000</p> <p><b>Suspension of License and Registration:</b> 1 month and must show proof of insurance.</p>	<p><b>Second and Subsequent Fine:</b> \$100-\$1000</p> <p><b>Suspension of License and Registration:</b> 6 months and must show proof of insurance.</p>		<p><b>Sec. 14-213b. Operation prohibited when insurance coverage fails to meet minimum requirements. Penalty. Evidence of insurance coverage required to restore suspended license.</b>  <a href="http://www.cga.ct.gov/2013/pub/chap_248.htm#sec_14-213b">http://www.cga.ct.gov/2013/pub/chap_248.htm#sec_14-213b</a></p>	<p>No Change</p> <p>Sec. 14-213b As of 2023</p>
District of Columbia	<p><b>For operating and Owning</b></p> <p><b>Fine for Operating:</b> \$500</p> <p><b>Fine for Owning Registered Vehicle that is not Insured:</b> \$150 shall be assessed for each vehicle without the required insurance for a period of 1 to 30 days, and increasing to \$7 for each day thereafter, not to exceed a total of \$2,500.</p> <p><b>Suspension of License (For Operating):</b> Or a suspension of 30 days or both.</p> <p><b>Suspension of Registration (For having Registered Without Insurance):</b> The suspension shall remain in effect until the person appears at the Department with proof of an effective motor vehicle insurance policy and pays a reinstatement fee and the applicable fine.</p>	<p><b>Increase of 50% of fine for each subsequent offense for Operating without Insurance</b></p> <p><b>Fine for Operating:</b> \$750</p> <p><b>Fine for Owning Registered Vehicle that is not Insured:</b> \$150 shall be assessed for each vehicle without the required insurance for a period of 1 to 30 days, and increasing to \$7 for each day thereafter, not to exceed a total of \$2,500</p> <p><b>Suspension of License (For Operating):</b> Or a suspension of 60 days or both.</p> <p><b>Suspension of Registration (For having Registered Without Insurance):</b> The suspension shall remain in effect until the person appears at the Department with proof of an effective motor vehicle insurance policy and pays a reinstatement fee and the applicable fine.</p>	<p><b>Note:</b> Being an owner of an uninsured vehicle, and being an owner and operating an uninsured vehicle are two different offenses.</p> <p>In the spreadsheet I have combined both maximum fines.</p>	<p><b>DC DMV</b>  <a href="http://dmv.dc.gov/page/vehicle-insurance-requirements">http://dmv.dc.gov/page/vehicle-insurance-requirements</a></p> <p><b>§ 31-2403. Required insurance</b></p> <p><b>§ 31-2413. Penalties; adjudications</b>  <a href="http://www.lexisnexis.com/hottopics/dccode/">http://www.lexisnexis.com/hottopics/dccode/</a></p>	<p>No Change</p> <p>§ 31–2413. Penalties; adjudications</p>
Delaware	<p><b>Fine:</b> \$1,500-\$2,000</p> <p><b>Suspension of License:</b> 6 months and must provide proof of insurance.</p>	<p><b>For each subsequent offense occurring within 3 years</b></p> <p><b>Fine:</b> \$3,000-\$4,000.</p> <p><b>Suspension of License:</b> 6 months and must provide proof of insurance.</p>		<p>Delaware Code Title 21, 2118.s(1)  <a href="http://delcode.delaware.gov/title21/c021/sc01/index.shtml#2118">http://delcode.delaware.gov/title21/c021/sc01/index.shtml#2118</a></p>	<p>No Change</p> <p>Section 2118.s(1) As of September 2023</p>

Penalties for Driving without Auto Insurance by State as of 2014 and 2023

State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
Florida	<p>The violation here is not having insurance—which insurers have to report to the state. Driving without a valid registration or license, or failing to turn in plates would be different violations.</p> <p><b>Suspension of License and Registration:</b> Until reinstatement fee is paid and non-cancelable coverage is secured.</p> <p><b>Reinstatement Fee:</b> of \$150 for the first reinstatement.</p>	<p><b>Suspension of License and Registration:</b> Until reinstatement fee is paid and non-cancelable coverage is secured.</p> <p><b>Reinstatement Fee:</b> The reinstatement fee is \$250 for the second reinstatement.</p>	<p><b>Suspension of License and Registration:</b> Until reinstatement fee is paid and non-cancelable coverage is secured.</p> <p><b>Reinstatement Fee:</b> \$500 for each subsequent reinstatement during the 3 years following the first reinstatement.</p>	<p>Florida Statutes 324.0221 Reports by insurers to the department; suspension of driver license and vehicle registrations; reinstatement.  <a href="http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&amp;Search_String=&amp;URL=0300-0399/0324/Sections/0324.0221.html">http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&amp;Search_String=&amp;URL=0300-0399/0324/Sections/0324.0221.html</a></p>	<p>No Change</p> <p>Section 324.0221 As of 2023</p>
Georgia	<p><b>Fine:</b> \$200-\$1,000</p> <p><b>Imprisonment:</b> For not more than 12 months, or both.</p> <p><b>Suspension of License:</b> 60 days and until proof of 6 month minimum insurance policy and pays a restoration fee of \$210 or \$200.</p>	<p><b>Second or subsequent offense within a five-year period</b></p> <p><b>Fine:</b> \$200-\$1,000</p> <p><b>Imprisonment:</b> For not more than 12 months, or both.</p> <p><b>Suspension of License and Registration:</b> 90 days and until proof of 6 month minimum insurance policy and pays a restoration fee of \$310 or \$300.</p>	<p><b>Note:</b> Where penalty description includes “or both” as with Georgia Imprisonment, the statute provides discretion to impose the noted penalty alone or in conjunction with the penalty identified immediately above it in this chart</p>	<p><b>Chapter 6</b> § 40-6-10. Insurance requirements for operation of motor vehicles generally</p> <p><b>Chapter 5</b> § 40-5-70. Suspension of drivers' licenses for failure to show proof of required minimum insurance; hearings; mandatory suspension.  <a href="http://www.lexisnexis.com/hottopics/gacode/Default.asp">http://www.lexisnexis.com/hottopics/gacode/Default.asp</a></p>	<p>No Change</p> <p>O.C.G.A. § 40-6-10 O.C.G.A. § 40-5-70 As of 2023</p>

Penalties for Driving without Auto Insurance by State as of 2014 and 2023

State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
Hawaii	<p><b>Fine:</b> The fine shall be \$500 for the first offense.</p> <p><b>Discretion to Suspend Fine:</b> discretion to suspend all or any portion of the fine if the defendant provides proof of having a current motor vehicle insurance policy.</p> <p><b>Community Service:</b> Upon the defendant's request, the judge may grant community service in lieu of the fine, of not less than 75 hours and not more than 100 hours for the first offense.</p> <p><b>Suspension of License:</b> Suspend the driver's license of the driver or of the registered owner for 3 months or require nonrefundable motor vehicle insurance policy in force for six months.</p>	<p><b>Subsequent offenses within a five-year period</b></p> <p><b>Fine:</b> Minimum of \$1,500. Fine under this section may not exceed \$5,000.</p> <p><b>Discretion to Suspend Fine:</b> discretion to suspend all or any portion of the fine if the defendant provides proof of having a current motor vehicle insurance policy.</p> <p><b>Community Service:</b> not less than 200 hours nor more than 275 hours for the second offense and may grant community service in lieu of the fine for subsequent offenses at the judge's discretion.</p> <p><b>Suspension of License:</b> Suspend the driver's license of the driver or of the registered owner for 1 year or require nonrefundable motor vehicle insurance policy in force for six months.</p>	<p>In the case of multiple convictions for driving without a valid motor vehicle insurance policy within a five-year period from any prior offense, the court, in addition to any other penalty, shall impose the following penalties:</p> <p><b>Imprisonment:</b> of not more than 30 days;</p> <p><b>Suspension of Registration:</b> Revocation of registration plates.</p> <p><b>Impoundment, or impoundment and sale:</b> of the motor vehicle for the costs of storage and other charges incident to seizure of the vehicle, or any other cost involved.</p> <p><b>Any combination of those penalties</b></p>	<p><b>§431:10C-117 Penalties.</b>  <a href="http://www.capitol.hawaii.gov/hrscurrent/Vol09_Ch0431-0435E/HRS0431/HRS_0431-0010C-0117.htm">http://www.capitol.hawaii.gov/hrscurrent/Vol09_Ch0431-0435E/HRS0431/HRS_0431-0010C-0117.htm</a></p>	<p>No Change</p> <p>§431:10C-117 Penalties. As of 2023</p>
Idaho	<p><b>Fine:</b> \$75.00</p> <p><b>Suspension of License:</b> Suspended until proof of financial responsibility.</p> <p><b>Must Give Proof of Insurance:</b> Maintain proof of financial responsibility throughout the one 1 year period following the conviction.</p>	<p><b>Subsequent violations within 5 years</b></p> <p><b>Fine:</b> Up to \$1,000.</p> <p><b>Suspension of License:</b> Suspended until proof of financial responsibility.</p> <p><b>Imprisonment:</b> Or by 6 months in jail or both.</p> <p><b>Must Give Proof of Insurance:</b> Maintain proof of financial responsibility throughout the 3 year period following such conviction.</p>		<p><b>49-1229. Required motor vehicle insurance.</b>  <a href="http://legislature.idaho.gov/idstat/Title49/T49CH12SECT49-1229.htm">http://legislature.idaho.gov/idstat/Title49/T49CH12SECT49-1229.htm</a></p> <p><b>49-1222. Surrender of Idaho driver's license.</b>  <a href="http://legislature.idaho.gov/idstat/Title49/T49CH12SECT49-1222.htm">http://legislature.idaho.gov/idstat/Title49/T49CH12SECT49-1222.htm</a></p> <p><b>49-1208. Proof required upon certain convictions.</b>  <a href="http://legislature.idaho.gov/idstat/Title49/T49CH12SECT49-1208.htm">http://legislature.idaho.gov/idstat/Title49/T49CH12SECT49-1208.htm</a></p>	<p>No Change</p> <p>Section 49-1229                  Section 49-1208                  As of 2023</p>

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Illinois	<p><b>Fine:</b> \$501-\$1,000 (Language is in excess of \$500).</p> <p><b>License Suspension:</b> 3 months and reinstatement fee of \$100.</p> <p><b>Fines Reduced if:</b> A person who (i) has not previously been convicted of or received a disposition of court supervision for violating this Section and (ii) produces at his or her court appearance satisfactory evidence that the motor vehicle is covered, as of the date of the court appearance, by a liability insurance policy in accordance with Section 7-601 of this Code shall, for a violation of this Section, other than a violation of subsection (a-5), pay a fine of \$100 and receive a disposition of court supervision.</p>	<p>Same as First Offense</p>	<p><b>Third or subsequent violation Fine:</b> \$1,000.</p> <p><b>License Suspension:</b> 3 months and reinstatement fee of \$100.</p> <p><b>Proof of Insurance:</b> Must maintain the proof of insurance for a minimum period of 3 years after the date the proof is first filed.</p>	<p>625 ILCS 5/3-707 Sec. 3-707. <b>Operation of uninsured motor vehicle - penalty.</b>  <a href="http://www.ilga.gov/legislation/ilcs/ilcs4.asp?DocName=062500050HCh.+3+Art.+VII&amp;ActID=1815&amp;ChapterID=49&amp;SeqStart=55200000&amp;SeqEnd=56600000">http://www.ilga.gov/legislation/ilcs/ilcs4.asp?DocName=062500050HCh.+3+Art.+VII&amp;ActID=1815&amp;ChapterID=49&amp;SeqStart=55200000&amp;SeqEnd=56600000</a></p>	<p>No Change</p> <p>625 ILCS 5/3-707 Sec. 3-707 As of 2023</p>

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State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
Indiana	<p><b>License Suspension:</b> 90 days-1 year.</p> <p><b>Reinstatement Fees:</b> \$150</p> <p><b>Proof of Future Insurance Required if Found Operating Without Insurance:</b> must provide proof of future financial responsibility for a period of three (3) years beginning on the date on which the suspension of the person's driving privileges terminates.</p>	<p><b>Subsequent Violations within 5 years</b></p> <p><b>License Suspension:</b> 1 year.</p> <p><b>Reinstatement Fees:</b> \$225</p> <p><b>Registration Suspension:</b> Or registration suspension for not more than 1 year.</p> <p><b>Proof of Future Insurance Required if Found Operating Without Insurance:</b> must provide proof of future financial responsibility for a period of three (3) years beginning on the date on which the suspension of the person's driving privileges terminates.</p>	<p><b>License Suspension:</b> 1 year.</p> <p><b>Reinstatement Fees:</b> \$300</p> <p><b>Registration Suspension:</b> not more than 1 year.</p> <p><b>Registration Suspension:</b> Or registration for not more than 1 year.</p> <p><b>Proof of Future Insurance Required if Found Operating Without Insurance:</b> must provide proof of future financial responsibility for a period of three (3) years beginning on the date on which the suspension of the person's driving privileges terminates.</p>	<p><b>IC 9-25-8 Chapter 8. Penalties</b>  <a href="http://www.in.gov/legislative/ic/code/title9/ar25/ch8.pdf">http://www.in.gov/legislative/ic/code/title9/ar25/ch8.pdf</a></p> <p><b>IC 9-25-6 Chapter 6. Suspension of Driving Privileges and Vehicle Registrations</b>  <a href="http://www.in.gov/legislative/ic/code/title9/ar25/ch6.pdf">http://www.in.gov/legislative/ic/code/title9/ar25/ch6.pdf</a></p> <p><b>IC 9-29-10 Chapter 10. Fees Under IC 9-25</b>  <a href="http://www.in.gov/legislative/ic/code/title9/ar29/ch10.pdf">http://www.in.gov/legislative/ic/code/title9/ar29/ch10.pdf</a></p>	<p><i>More stringent(higher fine)</i></p> <p><b>First violation:</b> \$250 Reinstatement; Driver's license suspended for at least 90 days</p> <p><b>Second violation:</b> \$500 Reinstatement; Driver's license suspended for one year; registration can also be suspended for one year</p> <p><b>Subsequent violations:</b>\$1,000 reinstatement; Driver's license suspended for one year; registration can also be suspended for one year</p> <p>IC 9-25-6            Changed in 2016</p>

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Iowa	<p><b>Fine:</b> \$250</p> <p><b>Community Service:</b> In lieu of fine.</p> <p><b>Warning or Citation:</b> Possible when pulled over without insurance.</p> <p><b>Removal of Plates and Registration:</b> Possible when pulled over without insurance. Reissued upon payment of fine, or completed community service, and proof of insurance and \$15 fee.</p> <p><b>Impoundment:</b> Possible when pulled over without insurance.</p>			<p>Iowa Code Title VIII Subtitle 1 and Iowa Code Title XVI Subtitle 2</p> <p><b>321.20B Proof of security against liability — driving without liability coverage.</b>  <a href="http://search.legis.state.ia.us/NXT/gateway.dll?f=templates&amp;fn=default.htm">http://search.legis.state.ia.us/NXT/gateway.dll?f=templates&amp;fn=default.htm</a></p> <p><b>805.8A Motor vehicle and transportation scheduled violations.</b>  <a href="http://search.legis.state.ia.us/NXT/gateway.dll?f=templates&amp;fn=default.htm">http://search.legis.state.ia.us/NXT/gateway.dll?f=templates&amp;fn=default.htm</a></p>	<p><i>More stringent (higher fine)</i></p> <p><b>All Violations:</b> Fine is \$325 or \$645 if there is an accident. Community service instead of Fine. Possible removal of plates and registration with \$15 fee when reinstated. Possible impoundment.</p> <p>Section 321.20B Section 805.8A Changed in 2018</p>

Penalties for Driving without Auto Insurance by State as of 2014 and 2023

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Kansas	<p><b>Fine:</b> \$300-\$1,000</p> <p><b>Imprisonment:</b> Or confinement in the county jail for a term of not more than 6 months, or both such fine and confinement.</p> <p><b>Suspension of License and Registration:</b> Until proof of insurance has been filed with the director.</p> <p><b>Registration Reinstatement Fee:</b> Shall be \$100</p> <p><b>Proof of Insurance:</b> For one year if convicted of driving without liability Insurance.</p>	<p><b>Subsequent violation within 3 years</b></p> <p><b>Fine:</b> \$800-\$2,500</p> <p><b>Suspension of License and Registration:</b> Until proof of insurance has been filed with the director</p> <p><b>Registration Reinstatement Fee:</b> Shall be \$300 if revoked within previous year—otherwise \$100.</p> <p><b>Proof of Insurance:</b> For one year if convicted of driving without liability Insurance.</p>	<p><b>Third or Subsequent Conviction Within 5 years is a Habitual Violation</b></p> <p><b>Driving Privilege:</b> Revoke the person's driving privileges for a period of three years.</p> <p><b>Suspension Registration:</b> Until proof of insurance has been filed with the director.</p> <p><b>Registration Reinstatement Fee:</b> Shall be \$300 if revoked within previous year—otherwise \$100.</p> <p><b>Proof of Insurance:</b> For one year if convicted of driving without liability Insurance.</p>	<p><b>40-3104.</b> Motor vehicle liability insurance coverage required; prohibited vehicle operation; verification; self-insurance; display of proof of financial security; penalties for failure to maintain financial security; reinstatement fees  <a href="http://www.kslegislature.org/li/b2013_14/statute/040_000_0000_chapter/040_031_0000_article/040_031_0004_section/040_031_0004_k/">http://www.kslegislature.org/li/b2013_14/statute/040_000_0000_chapter/040_031_0000_article/040_031_0004_section/040_031_0004_k/</a></p> <p><b>40-3118.</b> Financial security as prerequisite to motor vehicle registration; certification of owner; documentation; termination of required insurance, notice; verification of certification; insurance company to maintain evidence on file with division, when; suspension of registration and driving privileges, hearing, reinstatement; prima facie evidence of operation of vehicle without financial security; unlawful acts; refund of unearned premium.  <a href="http://www.kslegislature.org/li/b2013_14/statute/040_000_0000_chapter/040_031_0000_article/040_031_0018_section/040_031_0018_k/">http://www.kslegislature.org/li/b2013_14/statute/040_000_0000_chapter/040_031_0000_article/040_031_0018_section/040_031_0018_k/</a></p> <p><b>Habitual Defender</b> (3 or more convictions within preceding 5 years applies to driving without liability Insurance) 8-285. "Habitual violator" defined; other definitions.  <a href="http://www.kslegislature.org/li/b2013_14/statute/008_000_0000_chapter/008_002_0000_article/008_002_0085_section/008_002_0085_k/">http://www.kslegislature.org/li/b2013_14/statute/008_000_0000_chapter/008_002_0000_article/008_002_0085_section/008_002_0085_k/</a></p> <p><b>8-286.</b> Habitual violator; revocation of driving privileges.  <a href="http://www.kslegislature.org/li/b2013_14/statute/008_000_0000_chapter/008_002_0000_article/008_002_0086_section/008_002_0086_k/">http://www.kslegislature.org/li/b2013_14/statute/008_000_0000_chapter/008_002_0000_article/008_002_0086_section/008_002_0086_k/</a></p>	<p>No Change</p> <p>Section 40-3104 Section 40-3118 As of 2019</p>

Penalties for Driving without Auto Insurance by State as of 2014 and 2023

State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
Kentucky	<p><b>Punishment for both owners and operators</b></p> <p><b>Fine:</b> \$500-\$1,000</p> <p><b>Imprisonment:</b> or sentenced to not more than 90 days in jail, or both imprisoned and fined.</p> <p><b>Registration Suspensions:</b>1 year or until such time as proof, in a form satisfactory to the commissioner, is furnished that the security is then and will remain in effect.</p>	<p><b>For Second and Subsequent Offenses within any 5 year period:</b></p> <p><b>Fine:</b> or fined not less than \$1,000-\$2,500 or both Imprisoned and fined.</p> <p><b>Imprisonment:</b> may be sentenced to 180 days</p> <p><b>Registration Suspensions:</b>1 year or until such time as proof, in a form satisfactory to the commissioner, is furnished that the security is then and will remain in effect.</p> <p><b>License Revoked:</b> operator's license revoked for 1 year if one previous violation, 2 years if more than 1 previous conviction.</p>		<p>304.99-060—Penalties for violation of Subtitle 39 -- Reduction of penalty.  <a href="http://www.lrc.ky.gov/statutes/statute.aspx?id=30285">http://www.lrc.ky.gov/statutes/statute.aspx?id=30285</a></p>	<p>No Change</p> <p>Section 304.99-060 As of 2019</p>
Louisiana	<p><b>Fine:</b> Not more than \$500</p> <p><b>Suspension of Registration and Revocation of Plates:</b> until proof of valid insurance is given and reinstatement fees paid.  <b>Reinstatement Fee:</b> \$50 + \$10</p> <p><b>Impoundment:</b> If the operator of a motor vehicle is unable to show compliance with the provisions registered in Louisiana. <b>(Discretion not to) Subject to storage and wreckage fees.</b></p>	<p><b>Fine:</b> Not more than \$500</p> <p><b>Suspension of Registration and Revocation of Plates:</b> until proof of valid insurance is given and reinstatement fees paid.  <b>Reinstatement Fee:</b> \$150 + \$10</p> <p><b>Impoundment:</b> If the operator of a motor vehicle is unable to show compliance with the provisions registered in Louisiana. <b>(Discretion not to) Subject to storage and wreckage fees.</b></p>	<p><b>Fine:</b> Not more than \$500</p> <p><b>Suspension of Registration and Revocation of Plates:</b> until proof of valid insurance is given and reinstatement fees paid.</p> <p><b>Reinstatement Fee:</b> \$500 + \$10</p> <p><b>Impoundment:</b> If the operator of a motor vehicle is unable to show compliance with the provisions registered in Louisiana. <b>(Discretion not to) Subject to storage and wreckage fees.</b></p>	<p><b>§865. Criminal sanctions for operating motor vehicle not covered by security</b>  <a href="http://www.legis.state.la.us/lss/lss.asp?doc=88611">http://www.legis.state.la.us/lss/lss.asp?doc=88611</a></p> <p><b>32 §863.1. Evidence of compulsory motor vehicle liability security contained in vehicle; enforcement; penalty; fees</b>  <a href="http://www.legis.state.la.us/lss/lss.asp?doc=88607">http://www.legis.state.la.us/lss/lss.asp?doc=88607</a></p> <p><b>Supreme Court of Louisiana Case which Discusses penalties for driving without insurance</b>  <a href="http://www.lasc.org/opinions/97cd2985.opn.pdf">www.lasc.org/opinions/97cd2985.opn.pdf</a></p>	<p><i>Less stringent(lower fee)</i></p> <p><b>First violation:</b> \$100 reinstatement fee</p> <p><b>Second violation:</b> \$250 reinstatement fee</p> <p><b>Subsequent violations:</b> \$500 reinstatement fee</p> <p>R.S. 32:861(C) Changed 2015</p>

Penalties for Driving without Auto Insurance by State as of 2014 and 2023

State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
Montana	<p><b>Fine:</b> \$250-\$500</p> <p><b>Imprisonment:</b> Or by imprisonment in the county jail for not more than 10 days, or both.</p>	<p><b>Subsequent Offense Within 5 Years</b></p> <p><b>Fine:</b> \$350</p> <p><b>Imprisonment:</b> Or by imprisonment in the county jail for not more than 10 days, or both.</p> <p><b>Suspension of Registration and License Plates:</b> 90 days and until proof of insurance. Restricted registration for work allowed.</p>	<p><b>Third Offense Within 5 Years</b></p> <p><b>Fine:</b> \$500</p> <p><b>Imprisonment:</b> or by imprisonment in the county jail for not more than 6 months, or both.</p> <p><b>Suspension of Registration and License Plates:</b> 180 days and until proof of insurance. Restricted registration for work allowed.</p> <p><b>Fourth or Subsequent Within 5 Years</b></p> <p><b>Same penalties as 3<sup>rd</sup> Plus Suspension Below</b></p> <p><b>Suspension of Drivers License:</b> Until proof of insurance</p>	<p><b>Report to Legislature 2006</b>  <a href="http://leg.mt.gov/content/Publications/Audit/Report/05P-06.pdf">leg.mt.gov/content/Publications/Audit/Report/05P-06.pdf</a></p> <p><b>61-6-304. Penalties.</b>  <a href="http://leg.mt.gov/bills/mca/61/6/61-6-304.htm">http://leg.mt.gov/bills/mca/61/6/61-6-304.htm</a></p>	<p>No Change</p> <p>Section 61-6-304. As of 2022</p>
Maine	<p><b>Fine:</b> \$100-\$500</p> <p><b>Suspension of License:</b> Until proof of insurance</p> <p><b>Suspension of Registration:</b> Until proof of insurance</p>			<p>Title 29-A: Motor vehicles heading chapter 13: financial responsibility and insurance                      Subchapter 2: General financial responsibility</p> <p><b>§1601. Required maintenance of financial responsibility</b>  <a href="http://www.mainelegislature.org/legis/statutes/29-a/title29-Asec1601.html">http://www.mainelegislature.org/legis/statutes/29-a/title29-Asec1601.html</a></p>	<p>No Change</p> <p>Title 29-A, Chapter 13 §1601 As of November 2023</p>

Penalties for Driving without Auto Insurance by State as of 2014 and 2023

State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
Maryland	<p><b>Fine:</b> \$ 150 for a period of 1 to 30 days. If a fine is assessed, beginning on the 31st day the fine shall increase by a rate of \$ 7 for each day. Not to exceed \$2,500.</p> <p><b>Suspension of Registration:</b> Until proof of insurance.</p> <p><b>Restoration Fee:</b> Of up to \$25 for a vehicle's registration.</p>			<p><b>Md. TRANSPORTATION Code Ann. § 17-106</b>  <a href="http://www.lexisnexis.com/hottopics/mdcode/">http://www.lexisnexis.com/hottopics/mdcode/</a></p> <p><b>MD DOT</b>  <a href="http://www.mva.maryland.gov/Vehicle-Services/INSURANCE/uninsured.htm">http://www.mva.maryland.gov/Vehicle-Services/INSURANCE/uninsured.htm</a></p>	<p>No Change</p> <p>Md. TRANSPORTATION Code Ann. § 17-106                      As of October 2023</p>
	<p><b>Fine to Municipality:</b> \$500</p> <p><b>Fine to Risk Plan:</b> \$500 or one year's premium for compulsory motor vehicle insurance</p> <p><b>Imprisonment:</b> Up to 1 year or both fine and imprisonment.</p> <p><b>Suspension of License:</b> 60 days</p>	<p><b>Second Offense Within 6 Years</b></p> <p><b>Fine to Municipality:</b> \$500-\$5,000</p> <p><b>Fine to Risk Plan:</b> \$500 or one year's premium for compulsory motor vehicle insurance.</p> <p><b>Imprisonment:</b> Up to 1 year or both fine and imprisonment.</p> <p><b>Suspension of License:</b> 1 year</p>	<p><b>Note:</b> There is some confusion interpreting this statute. A 'notwithstanding' clause at the end of the statute has been interpreted to limit the fine to a municipality for a first offense to \$500. Other readings, such as the clause limiting penalties for a first offense to \$500, are possible.</p>	<p><b>Section 34J</b>  <a href="https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXIV/Chapter90/Section34J">https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXIV/Chapter90/Section34J</a></p> <p><b>Assigned Risk Plans</b>  <a href="https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXXII/Chapter175/Section11_3h">https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXXII/Chapter175/Section11_3h</a></p>	<p>No Change</p> <p>Title XIV, Chapter 90, Sec. 34J                      As of January 2023</p>

Penalties for Driving without Auto Insurance by State as of 2014 and 2023

State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
Michigan	<p><b>Fine:</b> \$200-\$500</p> <p><b>Imprisonment:</b> Not more than 1 year, or both</p> <p><b>Suspension of License:</b> 30 days or until proof of insurance is submitted, whichever occurs later.</p> <p><b>Service Fee:</b> \$25 service fee to reinstate license once proof of insurance shown</p>			<p><b>THE INSURANCE CODE OF 1956 Sec. 3102(2)</b>                      Nonresident owner or registrant of motor vehicle or motorcycle to maintain security for payment of benefits; operation of motor vehicle or motorcycle by owner, registrant, or other person without security; penalty; failure to produce evidence of security; rebuttable presumption.  <a href="http://www.legislature.mi.gov/%28S%28zjhue55t4dgs3ftsiw2ovvj%29%29/mileg.aspx?page=getObject&amp;objectName=mcl-500-3102">http://www.legislature.mi.gov/%28S%28zjhue55t4dgs3ftsiw2ovvj%29%29/mileg.aspx?page=getObject&amp;objectName=mcl-500-3102</a></p> <p><b>MICHIGAN VEHICLE CODE Section 257.328(4)</b>                      Producing evidence of motor vehicle insurance upon request of police officer; violation as civil infraction; certificate of insurance as prima facie evidence that insurance in force; contents; presentation of proof of insurance to court; civil infraction determination; surrendering license unless proof of insurance submitted to court; suspension of license by secretary of state; order; fee; renewal, transfer, or replacement of registration plate;  <a href="http://www.legislature.mi.gov/%28S%28zjhue55t4dgs3ftsiw2ovvj%29%29/mileg.aspx?page=getObject&amp;objectName=mcl-257-328">http://www.legislature.mi.gov/%28S%28zjhue55t4dgs3ftsiw2ovvj%29%29/mileg.aspx?page=getObject&amp;objectName=mcl-257-328</a></p> <p><b>Michigan DIFS FAQ</b>  <a href="http://www.michigan.gov/difs/0,5269,7-303-13222_13224-66774--,00.html">http://www.michigan.gov/difs/0,5269,7-303-13222_13224-66774--,00.html</a></p>	<p>No Change</p> <p>THE INSURANCE CODE OF 1956 Sec. 500.3102                      MICHIGAN VEHICLE CODE Section 257.328</p> <p>As of 2022</p>

Penalties for Driving without Auto Insurance by State as of 2014 and 2023

State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
Minnesota	<p><b>Fine:</b> \$200—\$1,000</p> <p><b>Imprisonment:</b> Not more than 90 days or a fine or both the fine and imprisonment.</p> <p><b>License Suspension:</b> Suspended until proof of insurance. Sec. 169.792 says at least 30 days. Not more than 12 months (Sec. 169.797).</p> <p><b>Registration Suspension:</b> Suspended not more than 12 months and until proof of insurance.</p> <p><b>Community Service:</b> The court may allow community service in lieu of any fine imposed if the defendant is indigent.</p> <p><b>Vehicle Impounded:</b> Not present as a penalty in statute but listed as a possibility by the Minnesota courts.<sup>1</sup></p>	<p><b>Fine:</b> \$200—\$1,000</p> <p><b>Imprisonment:</b> Not more than 90 days or a fine or both the fine and imprisonment.</p> <p><b>License Suspension:</b> Suspended until proof of insurance. Sec. 169.792 says at least 30 days. Not more than 12 months (Sec. 169.797).</p> <p><b>Registration Suspension:</b> Suspended not more than 12 months and until proof of insurance.</p> <p><b>Community Service:</b> The court may allow community service in lieu of any fine imposed if the defendant is indigent.</p> <p><b>Vehicle Impounded:</b> Not present as a penalty in statute but listed as a possibility by the Minnesota courts.<sup>2</sup></p>	<p><b>A person is guilty of a gross misdemeanor who violates this section within ten years of the first of two prior convictions under this section</b></p> <p><b>Fine:</b> \$200—\$3,000</p> <p><b>License Suspension:</b> Suspended until proof of insurance. Sec. 169.792 says at least 30 days. Not more than 12 months (Sec. 169.797).</p> <p><b>Registration Suspension:</b> Suspended not more than 12 months and until proof of insurance.</p> <p><b>Imprisonment:</b> Not more than 1 year or a fine or both the fine and imprisonment.</p> <p><b>Community Service:</b> The court may allow community service in lieu of any fine imposed if the defendant is indigent.</p>	<p><b>169.797 Penalties for failure to provide vehicle insurance.</b> <a href="https://www.revisor.mn.gov/statutes/?id=169.797">https://www.revisor.mn.gov/statutes/?id=169.797</a></p> <p><b>609.02 DEFINITIONS.</b> (difference between Misdemeanor and Gross Misdemeanor referenced in Penalty section) <a href="https://www.revisor.leg.state.mn.us/statutes/?id=609.02">https://www.revisor.leg.state.mn.us/statutes/?id=609.02</a></p> <p><b>Minnesota Traffic Citations</b> <a href="http://www.house.leg.state.mn.us/hrd/pubs/trafcit.pdf">http://www.house.leg.state.mn.us/hrd/pubs/trafcit.pdf</a></p> <p><b>169.792 Revocation of license for failure to produce proof of insurance.</b> <a href="https://www.revisor.mn.gov/statutes/?id=169.792">https://www.revisor.mn.gov/statutes/?id=169.792</a></p>	<p>No Change</p> <p>Section 169.797 Section 169.792</p> <p>As of 2023</p>
Mississippi	<p><b>Fine:</b> \$500 Reduced to \$100 if violator shows there is coverage by time of hearing.</p> <p><b>Suspension of License:</b> 1 year or until the owner of the motor vehicle shows proof of liability insurance.</p>			<p><b>§ 63-15-4. Insurance card; exemptions; card to be kept in vehicle; insurance company to provide; penalty</b> <a href="http://www.lexisnexis.com/hottopics/mscode/">http://www.lexisnexis.com/hottopics/mscode/</a></p>	<p><i>Less stringent(lower fine)</i></p> <p><b>First and subsequent violation</b> is \$100 fine, license suspension for 1 year or until proof of insurance is provided.</p> <p>§ 63-15-4 Changed in 2018</p>

<sup>1</sup> Minnesota Fourth District Judicial Branch. Hearing Office FAQs. <http://www.mncourts.gov/district4/?page=685>

<sup>2</sup> Minnesota Fourth District Judicial Branch. Hearing Office FAQs. <http://www.mncourts.gov/district4/?page=685>

Penalties for Driving without Auto Insurance by State as of 2014 and 2023

State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
Missouri	<p><b>Fine:</b> Not to exceed \$300</p> <p><b>Suspension of License:</b> Suspended until payment of a reinstatement fee of \$20 and submission of proof of insurance.</p> <p><b>Suspension of Registration:</b> Whenever the director, under any law of this state, suspends or revokes the license of any person the director shall also suspend the registration for all motor vehicles registered in the name of such person.</p>	<p><b>Second or Subsequent within 2 years</b></p> <p><b>Fine:</b> Not to exceed \$300</p> <p><b>Imprisonment:</b> imprisonment in the county jail for a term not to exceed 15 days and/or a fine.</p> <p><b>Suspension of License:</b> 90 days and reinstatement fee of \$200 and submission of proof of insurance.</p> <p><b>Suspension of Registration:</b> Whenever the director, under any law of this state, suspends or revokes the license of any person the director shall also suspend the registration for all motor vehicles registered in the name of such person.</p>	<p><b>Two or more prior convictions Fine:</b> Not to exceed \$300</p> <p><b>Imprisonment:</b> imprisonment in the county jail for a term not to exceed 15 days and/or a fine.</p> <p><b>Suspension of License:</b> 1 year and payment of a reinstatement fee of \$400 and submission of proof of insurance.</p> <p><b>Suspension of Registration:</b> Whenever the director, under any law of this state, suspends or revokes the license of any person the director shall also suspend the registration for all motor vehicles registered in the name of such person.</p>	<p><b>Duty to maintain financial responsibility, residents and nonresidents, misdemeanor penalty for failure to maintain--exception, methods--court to notify department of revenue, additional punishment, right of appeal.</b>  <a href="http://www.moga.mo.gov/statutes/C300-399/3030000025.HTM">http://www.moga.mo.gov/statutes/C300-399/3030000025.HTM</a></p> <p><b>Suspension, effective when--length of suspension, factors considered--false submission of proof of insurance, suspension, duration, fee.</b>  <a href="http://www.moga.mo.gov/statutes/C300-399/3030000042.HTM">http://www.moga.mo.gov/statutes/C300-399/3030000042.HTM</a></p> <p><b>Vehicle registration suspended on suspension of license for conviction or bail forfeiture--proof required for re-registration.</b>  <a href="http://www.moga.mo.gov/statutes/C300-399/30300000150.HTM">http://www.moga.mo.gov/statutes/C300-399/30300000150.HTM</a></p>	<p><i>More stringent(higher fine)</i></p> <p><b>First violation:</b> up to \$500 fine, suspension of license, registration and plates until proof of insurance is given, \$20 reinstatement fee</p> <p><b>Second violation:</b> \$200-\$500 fine, suspension of license, registration and plates for 90 days, up to 15 days in jail, and \$200 reinstatement fee</p> <p><b>Subsequent violations</b> \$200 to \$500 fine, suspension of license, registration and plates for 1 year, up to 15 days in jail, and \$400 reinstatement fee</p> <p>Section 303.025                  Section 303.042                  Section 303.150</p> <p>Changed in 2017</p>

Penalties for Driving without Auto Insurance by State as of 2014 and 2023

State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
Nebraska	<p><b>Suspension of License and Registration:</b> Upon conviction the owner shall have his or her motor vehicle operator's license, motor vehicle certificate of registration, and license plates suspended by the department until they pay fees.  <b>License Reinstatement Fee:</b> \$50 license reinstatement fee.  <b>Registration reinstatement fee:</b> \$50.  <b>Supply proof of financial responsibility:</b> for 3 years.</p>			<p><b>60-3,167. Financial responsibility; owner; requirements; prohibited acts; violation; penalty; dismissal of citation; when.</b>  <a href="http://nebraskalegislature.gov/laws/statutes.php?statute=60-3,167">http://nebraskalegislature.gov/laws/statutes.php?statute=60-3,167</a></p> <p><b>60-528. Proof of financial responsibility; proof; enumerated; copy provided.</b>  <a href="http://nebraskalegislature.gov/laws/statutes.php?statute=60-528">http://nebraskalegislature.gov/laws/statutes.php?statute=60-528</a></p> <p><b>60-505.02. Reinstatement of license or registration; filing of proof of financial responsibility; payment of fees.</b>  <a href="http://nebraskalegislature.gov/laws/statutes.php?statute=60-505.02">http://nebraskalegislature.gov/laws/statutes.php?statute=60-505.02</a></p> <p><b>Nebraska DMV</b>  <a href="http://www.dmv.ne.gov/frd/susprev/fr.html">http://www.dmv.ne.gov/frd/susprev/fr.html</a></p>	<p>No Change</p> <p>Section 60-3,167 Section 60-505.02</p> <p>As of June 2023</p>
Nevada	<p><b>Nevada Has Different Tiers for Length of Insurance Lap. Detailed Chart Available.</b></p> <p><b>Fine:</b> \$250-\$1,000 depending on length of lapse.</p> <p><b>Suspension of Registration:</b> Until payment of reinstatement fee and, depending on circumstances, SR-22.</p> <p><b>Reinstatement Fee:</b> \$250</p> <p><b>SR-22 Proof of Financial Responsibility:</b> If lapsed more than 90 days.</p>	<p><b>Fine:</b> \$500-\$1,000</p> <p><b>Suspension of Registration:</b> Until payment of reinstatement fee and, depending on circumstances, SR-22.</p> <p><b>Reinstatement Fee:</b> \$500</p> <p><b>SR-22 Proof of Financial Responsibility:</b> If lapsed more than 90 days.</p>	<p><b>Fine:</b> \$500-\$1,000</p> <p><b>Suspension of Registration:</b> Until payment of reinstatement fee and, depending on circumstances, SR- 22.</p> <p><b>Reinstatement Fee:</b> \$750</p> <p><b>SR-22 Proof of Financial Responsibility:</b> If lapsed more than 90 days.</p> <p><b>Suspension of License:</b> Minimum 30 days.</p>	<p><b>Nevada Revised Statutes 2011 (may not reflect changes made in 2011 so DMV used as source)</b>  <a href="http://leg.state.nv.us/law1.cfm">http://leg.state.nv.us/law1.cfm</a></p> <p><b>NRS 482.557</b> Failure to provide insurance: Administrative fines; requirements for filing and maintaining with Department certificate of financial responsibility; suspension of driver's license of registered owner.  <a href="http://leg.state.nv.us/NRS/NRS-482.html#NRS482Sec557">http://leg.state.nv.us/NRS/NRS-482.html#NRS482Sec557</a></p> <p><b>NRS 485.317</b> Department to verify insurance for each motor vehicle registered in this State; owner to respond to inquiry when Department unable to verify insurance; suspension of registration when insurance cannot be verified; reinstatement of registration.  <a href="http://leg.state.nv.us/NRS/NRS-485.html#NRS485Sec317">http://leg.state.nv.us/NRS/NRS-485.html#NRS485Sec317</a></p> <p><b>Nevada DMV Penalties</b>  <a href="http://www.dmvnv.com/insurance.htm#penalties">http://www.dmvnv.com/insurance.htm#penalties</a></p>	<p>No Change</p> <p>NRS 482.557</p> <p>As of 2021</p>

Penalties for Driving without Auto Insurance by State as of 2014 and 2023

State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
New Hampshire	New Hampshire has no mandatory insurance law. <sup>3</sup>				No Change
New Jersey	<p><b>Fine:</b> \$300-\$1,000</p> <p><b>Suspension of License:</b> 1 year</p> <p><b>Community Service:</b> Length to be determined by the court.</p>	<p><b>Fine:</b> Up to \$5,000</p> <p><b>Imprisonment:</b> subject to imprisonment for a term of 14 days.</p> <p><b>Suspension of License:</b> 2 years. Thereafter, application for a license may be granted at the discretion of the director.</p> <p><b>Community Service:</b> ordered by the court to perform community service for a period of 30 days.</p>		<p><b>39:6B-2. Penalties</b>  <a href="http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=195644413&amp;Depth=2&amp;dept_h=2&amp;expandheadings=on&amp;headingswithhits=on&amp;hitsperheading=on&amp;infobase=states.nfo&amp;record=(F29A)&amp;softpage=Doc Frame PG42">http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=195644413&amp;Depth=2&amp;dept_h=2&amp;expandheadings=on&amp;headingswithhits=on&amp;hitsperheading=on&amp;infobase=states.nfo&amp;record=(F29A)&amp;softpage=Doc Frame PG42</a></p>	<p>No Change</p> <p>39 § 6B-2 As of 2021</p>
New Mexico	<p><b>Fine:</b> A fine of not more than \$300</p> <p><b>Imprisonment:</b> Or by imprisonment for not more than 90 days or both a fine and imprisonment.</p> <p><b>Suspension of Registration:</b> Presumably until insurance shown though 66-5-206 does not say.</p>	<p><b>Notes:</b> If insurance is canceled then drivers are required to hand in license and registration. Not doing so has a separate set of penalties than those for the Misdemeanor listed in the column to the left.</p> <p><b>66-5-230. Surrender of license and registration.</b></p> <p><b>Fine:</b> Shall be fined not more than \$1,000</p> <p><b>Imprisoned:</b> Or imprisoned not to exceed 6 months or both.</p>		<p><b>66-5-205 Vehicle must be insured or owner must have evidence of financial responsibility; penalties.</b>  <a href="http://public.nmcompcomm.us/nmpublic/gateway.dll/?f=templates&amp;fn=default.htm">http://public.nmcompcomm.us/nmpublic/gateway.dll/?f=templates&amp;fn=default.htm</a></p> <p><b>66-8-7. Penalty for misdemeanor.</b>  <a href="http://public.nmcompcomm.us/nmpublic/gateway.dll/?f=templates&amp;fn=default.htm">http://public.nmcompcomm.us/nmpublic/gateway.dll/?f=templates&amp;fn=default.htm</a></p> <p><b>66-5-206. Registration without insurance or evidence of financial responsibility prohibited; suspension required.</b>  <a href="http://public.nmcompcomm.us/nmpublic/gateway.dll/?f=templates&amp;fn=default.htm">http://public.nmcompcomm.us/nmpublic/gateway.dll/?f=templates&amp;fn=default.htm</a></p> <p><b>New Mexico DMV</b>  <a href="http://www.mvd.newmexico.gov/Vehicles/Pages/Insurance.aspx#ifldontgetinsurance">http://www.mvd.newmexico.gov/Vehicles/Pages/Insurance.aspx#ifldontgetinsurance</a></p>	<p>No Change</p> <p>Section 66-8-7 As of 2023</p>

<sup>3</sup> NH Division of Motor Vehicles. <http://www.nh.gov/safety/divisions/dmv/financial-responsibility/insurance.htm>

Penalties for Driving without Auto Insurance by State as of 2014 and 2023

State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
New York	<p><b>Fine:</b> \$150-\$1,500</p> <p><b>Civil Penalty upon Conviction:</b> \$750</p> <p><b>Imprisonment:</b> Or may be imprisoned for not more than 15 days or both fined and imprisoned.</p> <p><b>Suspension of License:</b> If without insurance for 90 days, shall suspend the driver's license of any such registrant; suspension lasts as long as registration suspension.</p> <p><b>Suspension of Registration:</b> Equal to time without insurance or pays \$8 for each day up to thirty days for which financial security was not in effect, \$10 for each day from the thirty-first to the sixtieth day \$12 for each day from the sixty-first to the ninetieth day and proof of security is provided. Or for the same time as the vehicle was operated without insurance.</p>			<p><b>Title 3 Article 6 § 319. Penalties.</b>  <a href="http://public.leginfo.state.ny.us/LAWSSEAF.cgi?QUERYTYPE=LAWS+&amp;QUERYDATA=\$\$VAT319\$\$@TXVAT0319+&amp;LIST=LAW+&amp;BROWSER=BROWSER+&amp;OKEN=34588564+&amp;TARGET=VIEW">http://public.leginfo.state.ny.us/LAWSSEAF.cgi?QUERYTYPE=LAWS+&amp;QUERYDATA=\$\$VAT319\$\$@TXVAT0319+&amp;LIST=LAW+&amp;BROWSER=BROWSER+&amp;OKEN=34588564+&amp;TARGET=VIEW</a></p> <p><b>Title 3 Article 6 § 318. Revocation of registrations, drivers' licenses and non- resident privileges.</b>  <a href="http://public.leginfo.state.ny.us/LAWSSEAF.cgi?QUERYTYPE=LAWS+&amp;QUERYDATA=\$\$VAT318\$\$@TXVAT0318+&amp;LIST=LAW+&amp;BROWSER=BROWSER+&amp;OKEN=34588564+&amp;TARGET=VIEW">http://public.leginfo.state.ny.us/LAWSSEAF.cgi?QUERYTYPE=LAWS+&amp;QUERYDATA=\$\$VAT318\$\$@TXVAT0318+&amp;LIST=LAW+&amp;BROWSER=BROWSER+&amp;OKEN=34588564+&amp;TARGET=VIEW</a></p> <p><b>New York DMV</b>  <a href="http://www.dmv.ny.gov/broch/c43.htm">http://www.dmv.ny.gov/broch/c43.htm</a></p>	<p>No Change</p> <p>Title 3 Article 6 § 319 Title 3 Article 6 § 318</p> <p>As of 2023</p>

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State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
North Carolina	<p><b>Fine:</b> \$50 (criminal fines for Class 1 Misdemeanor are at discretion of court)</p> <p><b>Probation:</b> Class 1 misdemeanor allows 1-45 days.</p> <p><b>Suspension of Registration:</b> 30 days (for knowingly operating) must obtain financial responsibility and pay</p> <p><b>Restoration fee:</b> \$50</p>	<p><b>Second Violation within 3 years</b></p> <p><b>Fine:</b> \$100 (criminal fines for Class 1 Misdemeanor are at discretion of court)</p> <p><b>Imprisonment or Probation:</b> Class 1 misdemeanor allows 1-45 days of probation or imprisonment.</p> <p><b>Suspension of Registration:</b> 30 days (for knowingly operating) must obtain financial responsibility and pay.</p> <p><b>Restoration fee:</b> \$50</p>	<p><b>Third or subsequent violation within 3 years</b></p> <p><b>Fine:</b> \$150</p> <p><b>Imprisonment or Probation:</b> Class 1 misdemeanor allows 1-45 days of probation or imprisonment.</p> <p><b>Suspension of Registration:</b> 30 days (for knowingly operating) must obtain financial responsibility and pay.</p> <p><b>Restoration fee:</b> \$50</p>	<p><b>Article 13 § 20-311. Action by the Division when notified of a lapse in financial responsibility.</b>  <a href="http://www.ncleg.net/EnactedLegislation/Statutes/HTML/BySection/Chapter_20/GS_20-311.html">http://www.ncleg.net/EnactedLegislation/Statutes/HTML/BySection/Chapter_20/GS_20-311.html</a></p> <p><b>§ 20-313. Operation of motor vehicle without financial responsibility a misdemeanor.</b>  <a href="http://www.ncleg.net/EnactedLegislation/Statutes/HTML/BySection/Chapter_20/GS_20-313.html">http://www.ncleg.net/EnactedLegislation/Statutes/HTML/BySection/Chapter_20/GS_20-313.html</a></p> <p><b>§ 15A-1340.23. Punishment limits for each class of offense and prior conviction level.</b>  <a href="http://www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/BySection/Chapter_15a/GS_15a-1340.23.html">http://www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/BySection/Chapter_15a/GS_15a-1340.23.html</a></p> <p><b>§ 15A-1340.11. Definitions.</b>  <a href="http://www.ncleg.net/gascripts/statutes/statutelookup.pl?statute=15A-1340.11">http://www.ncleg.net/gascripts/statutes/statutelookup.pl?statute=15A-1340.11</a></p> <p><b>North Carolina DMV</b>  <a href="https://edmv-lts.dot.state.nc.us/lts/demo/faq_text1.htm">https://edmv-lts.dot.state.nc.us/lts/demo/faq_text1.htm</a></p>	<p>No Change</p> <p>Article 13 § 20-311 § 15A-1340.23</p> <p>As of 2022</p>

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North Dakota	<p><b>Fine:</b> At least \$150-\$1,000 (Maximum fine for Infraction is \$1,000)</p> <p><b>Suspension of License/ proof of Insurance:</b> Must provide proof of insurance or license will be suspended until such proof is furnished. Proof must be provided for 3 years.</p> <p><b>Changes to License:</b> license with a notation requiring that person to keep proof of liability insurance on file with the department. The fee for this license is \$50 and the fee to remove this notation is \$50.</p>	<p><b>Second or Subsequent Violation</b></p> <p><b>Fine:</b> At least \$300-\$5,000 (if within 1 year of a conviction for an infraction may be sentenced as though Class B Misdemeanor.)</p> <p><b>Imprisonment:</b> Or 30 days or both.</p> <p><b>Suspension of License/ proof of Insurance:</b> Must provide proof of insurance or license will be suspended until such proof is furnished. Proof must be provided for 3 years.</p> <p><b>Changes to License:</b> license with a notation requiring that person to keep proof of liability insurance on file with the department. The fee for this license is \$50 and the fee to remove this notation is \$50.</p> <p><b>Removal of Plates:</b> The motor vehicle number plates of the motor vehicle owned and operated by the person at the time of the violation to be impounded until that person provides proof of insurance and a \$20 fee to the court.</p>	<p><b>Note:</b> For the subsequent offense the higher criminal maximum fine and imprisonment is only on the table if the last conviction was within one year.</p>	<p><b>39-08-20. Driving without liability insurance prohibited - Penalty.</b> <a href="http://www.legis.nd.gov/cencode/t39.html">http://www.legis.nd.gov/cencode/t39.html</a></p> <p><b>12.1-32-01. Classification of offenses - Penalties.</b> <a href="http://www.legis.nd.gov/cencode/t12-1c32.pdf">http://www.legis.nd.gov/cencode/t12-1c32.pdf</a></p> <p><b>Driving without liability insurance can have expensive consequences</b> <a href="http://www.grandforksherald.com/event/article/id/187371/">http://www.grandforksherald.com/event/article/id/187371/</a></p>	<p>No Change</p> <p>Section 12.1-32-01 Section 39-08-20</p> <p>As of 2023</p>

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State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
Ohio	<p><b>Suspension of License:</b> Suspension and impoundment of license until requirements are met.</p> <p><b>Suspension of Registration and Impoundment of Plates:</b> Until pays, <b>Reinstatement Fee:</b> of \$100, compliance fee not to exceed \$50, files and continuously maintains proof of financial responsibility, registrar service fee of \$10.</p>	<p><b>Within five years of a previous violation</b></p> <p><b>Suspension of License:</b> 1 year. The court may grant limited driving privileges to the person but no court may grant limited driving privileges for the first 15 days of the suspension.</p> <p><b>Suspension of Registration and Impoundment of Plates:</b> Until pays, <b>Reinstatement Fee:</b> of \$300, compliance fee not to exceed \$50, files and continuously maintains proof of financial responsibility, registrar service fee of \$10.</p>	<p><b>Within five years of a previous violation</b></p> <p><b>Suspension of License:</b> 2 years. The court may grant limited driving privileges to the person but no court may grant limited driving privileges for the first 30 days of the suspension.</p> <p><b>Suspension of Registration and Impoundment of Plates:</b> Until pays, <b>Reinstatement Fee:</b> of \$600 for third or subsequent violation, compliance fee not to exceed \$50, files and continuously maintains proof of financial responsibility, registrar service fee of \$10.</p>	<p><b>4509.101 Operating of motor vehicle without proof of financial responsibility.</b> <a href="http://codes.ohio.gov/orc/4509.101">http://codes.ohio.gov/orc/4509.101</a></p> <p><b>Ohio Insurance Pamphlet</b> publicsafety.ohio.gov/links/bmv3135.pdf</p> <p><b>Random Selection program</b> <a href="http://bmv.ohio.gov/fr_random_selection.stm">http://bmv.ohio.gov/fr_random_selection.stm</a></p> <p><b>“Of 301,830 suspensions issued in Cuyahoga County last year, more than half were for not having insurance or failing to pay child support, records show.”</b> <a href="http://blog.cleveland.com/metro/2011/10/new_ohio_law_lessens_penalty_f.html">http://blog.cleveland.com/metro/2011/10/new_ohio_law_lessens_penalty_f.html</a></p>	<p>No Change</p> <p>Section 4509.101</p> <p>As of 2023</p>
Oklahoma	<p><b>Fine:</b> of not more than \$250.00</p> <p><b>Imprisonment:</b> for not more than 30 days, or by both such fine and imprisonment, addition thereto</p> <p><b>Suspension of License:</b> Until proof of security is furnished and a total of up to \$275 in fees are paid under §47-6-212.</p> <p><b>Impoundment:</b> the law enforcement officer issuing the citation may seize the vehicle being operated by the person and cause the vehicle to be towed and stored as provided by subsection B of Section 955 of this title.</p>			<p><b>§47-7-606. Failure to maintain insurance or security - Penalties.</b> <a href="http://webserver1.lsb.state.ok.us/OK_Statutes/CompleteTitles/os47.rtf">http://webserver1.lsb.state.ok.us/OK_Statutes/CompleteTitles/os47.rtf</a></p> <p><b>NB:</b> Law passed in November that will begin being enforced in January will allow officers to take plates and assign temporary insurance rather than towing. <a href="http://www.policeone.com/legal/articles/6587865-New-Okla-law-allows-officers-to-seize-uninsured-plates/">http://www.policeone.com/legal/articles/6587865-New-Okla-law-allows-officers-to-seize-uninsured-plates/</a></p>	<p>No Change</p> <p>§47-7-606</p> <p>As of November 2022</p>

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Oregon	<p><b>Fines:</b> \$135-\$1,000 (\$265 is the presumptive that can be paid without an appearance unless court requires).</p> <p><b>Proof of Financial responsibility:</b> Proof required for 3 years.</p>			<p><b>806.010 Driving uninsured prohibited</b> <a href="http://www.oregonlaws.org/ors/806.010">http://www.oregonlaws.org/ors/806.010</a></p> <p><b>Violation of 806.010 is a Class B Traffic Violation. Penalties listed at:</b></p> <p><b>153.021 Minimum Fines</b> <a href="http://www.oregonlaws.org/ors/153.021">http://www.oregonlaws.org/ors/153.021</a></p> <p><b>153.018 Maximum Fines</b> <a href="http://www.oregonlaws.org/ors/153.018">http://www.oregonlaws.org/ors/153.018</a></p> <p><b>153.019 Presumptive Fines</b> <a href="http://www.oregonlaws.org/ors/153.019">http://www.oregonlaws.org/ors/153.019</a></p> <p><b>Explanation of Presumptive Fine</b> <a href="http://courts.oregon.gov/Coos/docs/.../2012_violation_fine_schedule.pdf">courts.oregon.gov/Coos/docs/.../2012_violation_fine_schedule.pdf</a></p>	<p>No Change</p> <p>Section 806.010 Section 153.021 Section 153.018 Section 153.019</p> <p>As of 2023</p>
Pennsylvania	<p><b>Fine:</b> \$300</p> <p><b>Suspension of License and Registration:</b> 3 months and will not be restored until; <b>Restoration Fee:</b> \$50 <b>(For Each)</b> and proof of financial responsibility is furnished.</p>			<p><b>PA DOT</b> <a href="http://www.dmv.state.pa.us/insurance/insurance_coverage.shtml">http://www.dmv.state.pa.us/insurance/insurance_coverage.shtml</a></p> <p><b>Title 75</b> <b>§ 1786. Required financial responsibility.</b> <a href="http://www.legis.state.pa.us/WU01/LI/LI/CT/HTML/75/0.017.086.000..HTM">http://www.legis.state.pa.us/WU01/LI/LI/CT/HTML/75/0.017.086.000..HTM</a></p> <p><b>§ 1960. Reinstatement of operating privilege or vehicle registration.</b> <a href="http://www.legis.state.pa.us/WU01/LI/LI/CT/HTML/75/0.019.060.000..HTM">http://www.legis.state.pa.us/WU01/LI/LI/CT/HTML/75/0.019.060.000..HTM</a></p>	<p><i>More Stringent (higher restoration fee)</i></p> <p><b>All Violations:</b> \$300 fine; Suspension of license and registration and will not be restored until \$70 is paid and proof of financial responsibility is furnished.</p> <p>Title 75 § 1786 Title 75 § 1960</p> <p>Changed in 2016</p>

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Rhode Island	<p><b>Fine:</b> May be fined \$100-\$500</p> <p><b>Suspension of License:</b> Suspension of up to 3 months. To reinstate, must file and maintain proof of financial security and pay reinstatement fee of \$30-\$50.</p> <p><b>Suspension of Registration:</b> Suspension of up to 3 months. To reinstate, must file and maintain proof of financial security and pay reinstatement fee of \$30-\$50.</p>	<p><b>Fine:</b> May be fined \$500</p> <p><b>Suspension of License:</b> Suspension of 6 months. To reinstate, must file and maintain proof of financial security and pay reinstatement fee of \$30-\$50.</p> <p><b>Suspension of Registration:</b> Suspension of 6 months. To reinstate, must file and maintain proof of financial security and pay reinstatement fee of \$30-\$50.</p>	<p><b>And subsequent offenses:</b></p> <p><b>Fine:</b> civil violation and may be fined \$1,000.</p> <p><b>Suspension of License:</b> Suspension of up to 12 months. To reinstate, must file and maintain proof of financial security and pay reinstatement fee of \$30-\$50.</p> <p><b>Suspension of Registration:</b> Suspension of up to 12 months. To reinstate, must file and maintain proof of financial security and pay reinstatement fee of \$30-\$50.</p>	<p><b>§ 31-47-9 Penalties</b>  <a href="http://webserver.rilin.state.ri.us/Statutes/TITLE31/31-47/31-47-9.HTM">http://webserver.rilin.state.ri.us/Statutes/TITLE31/31-47/31-47-9.HTM</a></p> <p><b>§ 31-47-8 Revocation of registrations – Drivers' licenses and nonresident privileges.</b>  <a href="http://webserver.rilin.state.ri.us/Statutes/TITLE31/31-47/31-47-8.HTM">http://webserver.rilin.state.ri.us/Statutes/TITLE31/31-47/31-47-8.HTM</a></p>	<p>No Change</p> <p>§ 31-47-9</p> <p>As of 2023</p>

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South Carolina	<p><b>Owner of uninsured vehicle without paying fee<sup>4</sup></b></p> <p><b>Listed as a Misdemeanor but without the fines and jail time of an operator but not an owner—that is separate penalties.</b></p> <p><b>Suspension of License and Registration:</b> until such person pays the fee applicable to the registration of an uninsured motor vehicle (\$550) and furnishes proof of future financial responsibility.</p>			<p><b>SECTION 56-10-520.</b> Operating or permitting operation of motor vehicle without first paying uninsured motor vehicle fee; misdemeanor violation; record of conviction for violations of this section; suspension of license, registration certificates and license plates  <a href="http://www.scstatehouse.gov/code/t56c010.php">http://www.scstatehouse.gov/code/t56c010.php</a></p> <p><b>SC DMV</b>  <a href="http://www.scdmvonline.com/dmvnew/default.aspx?n=facts_about_driving_uninsured">http://www.scdmvonline.com/dmvnew/default.aspx?n=facts_about_driving_uninsured</a></p>	<p>No Change</p> <p>SECTION 56-10-510 SECTION 56-10-520</p> <p>As of 2023</p>
South Carolina	<p><b>Failure to surrender registration and plates when insurance lapses</b></p> <p><b>Fine:</b> \$100-\$200 and \$5 for every day without insurance.</p> <p><b>Imprisonment:</b> or imprisoned for 30 days.</p> <p><b>Suspension of License:</b> Until proper proof of liability insurance coverage is provided.</p> <p><b>Suspension of Registration</b> Until proper proof of liability insurance coverage is provided and until the owner has paid a reinstatement fee of \$200.</p>	<p><b>Second Violation within 10 years</b></p> <p><b>Fine:</b> \$200 and \$5 for every day without insurance.</p> <p><b>Imprisonment:</b> or imprisoned for 30 days or both fined and imprisoned.</p> <p><b>Suspension of License:</b> Until proper proof of liability insurance coverage is provided.</p> <p><b>Suspension of Registration:</b> until proper proof of liability insurance coverage is provided and until the owner has paid a reinstatement fee of \$200.</p>	<p><b>Third or subsequent violation within 10 years</b></p> <p><b>Fine:</b> \$5 for every day without insurance.</p> <p><b>Imprisonment:</b> For not less than forty- five days nor more than six months.</p> <p><b>Suspension of License:</b> Until proper proof of liability insurance coverage is provided.</p> <p><b>Suspension of Registration:</b> until proper proof of liability insurance coverage is provided and until the owner has paid a reinstatement fee of \$200.</p>	<p><b>SECTION 56-10-30.</b> Automatic suspension of registration upon lapse or termination of security.</p> <p><b>SECTION 56-10-240.</b> Requirement that upon loss of insurance, insured obtain new insurance or surrender registration and plates; written notice by insurer; suspension of registration and plates; appeal of suspension; enforcement; penalties.</p> <p><b>SECTION 56-10-245.</b> Per diem fine for lapse in required coverage.  <a href="http://www.scstatehouse.gov/code/t56c010.php">http://www.scstatehouse.gov/code/t56c010.php</a></p>	<p>No Change</p> <p>SECTION 56-10-240</p> <p>As of 2023</p>

<sup>4</sup> Did not include penalties (fines and possible jail time, suspension of license) for operator who is not owner but knew the fee had not been paid. Only 41 people have paid this fee since 1999. Drive Uninsured for \$500—legally. Car Insurance.com Via MSN Money 4/24/2013. <http://money.msn.com/auto-insurance/drive-uninsured-for-500-dollars-legally-carinsurance.aspx?page=2>

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South Dakota	<p><b>Violation of 32-35-113 is a class 2 misdemeanor</b></p> <p><b>Fine:</b> Up to \$500</p> <p><b>Imprisonment:</b> Or up to 30 days imprisonment in a county jail or both.</p> <p><b>Suspension of License:</b> 30 days to 1 year. Renewed only upon proof of financial responsibility. Payment of \$50 reinstatement fee. 32-35-47.1</p> <p><b>Suspension of Registration:</b> 32-35-47 requires proof of future financial responsibility before registration is reinstated.</p>			<p><b>22-6-2. Misdemeanor classes and penalties</b>  <a href="http://legis.state.sd.us/statutes/DisplayStatute.aspx?Type=Statute&amp;Statute=22-6-2">http://legis.state.sd.us/statutes/DisplayStatute.aspx?Type=Statute&amp;Statute=22-6-2</a></p> <p><b>32-35-113. Maintenance of financial responsibility--Violation as misdemeanor.</b>  <a href="http://legis.state.sd.us/statutes/DisplayStatute.aspx?Type=Statute&amp;Statute=32-35-113">http://legis.state.sd.us/statutes/DisplayStatute.aspx?Type=Statute&amp;Statute=32-35-113</a></p> <p><b>32-35-121. Suspension of license as penalty for violation of 32-35-113 or 32-35-120.</b>  <a href="http://legis.state.sd.us/statutes/DisplayStatute.aspx?Type=Statute&amp;Statute=32-35-121">http://legis.state.sd.us/statutes/DisplayStatute.aspx?Type=Statute&amp;Statute=32-35-121</a></p> <p><b>32-35-44. Suspension or revocation of license</b>  <a href="http://legis.state.sd.us/statutes/DisplayStatute.aspx?Type=Statute&amp;Statute=32-35-44">http://legis.state.sd.us/statutes/DisplayStatute.aspx?Type=Statute&amp;Statute=32-35-44</a></p> <p><b>32-35-43.1. Renewal of privileges only upon proof of financial responsibility for future.</b>  <a href="http://legis.state.sd.us/statutes/DisplayStatute.aspx?Type=Statute&amp;Statute=32-35-43.1">http://legis.state.sd.us/statutes/DisplayStatute.aspx?Type=Statute&amp;Statute=32-35-43.1</a></p> <p><b>32-35-47. Duration of suspension--Future proof of financial responsibility.</b>  <a href="http://legis.state.sd.us/statutes/DisplayStatute.aspx?Type=Statute&amp;Statute=32-35-47">http://legis.state.sd.us/statutes/DisplayStatute.aspx?Type=Statute&amp;Statute=32-35-47</a></p>	<p>No Change</p> <p>Section 22-6-2 Section 32-35-121 Section 32-35-121</p> <p>As of July 2023</p>

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Tennessee	<p><b>Fine:</b> Not more than \$100</p> <p><b>Suspension of License:</b> Until they provide proof of financial responsibility for 3 years and pay a \$100 <b>(55-12-114)</b> restoration fee and pass the driver license examination as a condition precedent to the restoration of the license.</p> <p><b>Suspension of Registration:</b> Until they meet requirements to regain license and payment of appropriate fees.</p>			<p><b>55-12-139.</b> Compliance with financial responsibility law required -- Evidence of compliance -- Issuance of citations by police service technicians. <a href="http://www.lexisnexis.com/hottopics/tncode/">http://www.lexisnexis.com/hottopics/tncode/</a></p> <p><b>55-12-126.</b> Minimum duration of proof requirement -- Suspension of license or registration for premature cancellation or termination of proof -- Hearing -- Restoration of license or registration. <a href="http://www.lexisnexis.com/hottopics/tncode/">http://www.lexisnexis.com/hottopics/tncode/</a></p> <p><b>55-12-114.</b> Suspension of all registrations upon suspension or revocation of license -- Exception upon filing proof of financial responsibility -- Release -- Compliance by Tennessee resident moving to or returning from another state. <a href="http://www.lexisnexis.com/hottopics/tncode/">http://www.lexisnexis.com/hottopics/tncode/</a></p>	<p><i>More stringent(higher fine)</i></p> <p>\$300 fine, Driver's license and registration suspended until insurance proof provided and driver's license examination retaken, and \$65 restoration fee; \$50 SR-22 fee; SR-22 certificate on file for three years.</p> <p>Tenn. Code Ann. § 55-12-139 Tenn. Code Ann. § 55-12-126 Tenn. Code Ann. § 55-12-114</p> <p>Changed in 2019</p>

Penalties for Driving without Auto Insurance by State as of 2014 and 2023

State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
Texas	<p><b>Fine:</b> \$175-\$350. If the court determines that a person is economically unable to pay the fine, the court may reduce the fine to less than \$175. \$250 surcharge for three years.</p>	<p><b>If previously convicted</b></p> <p><b>Fine:</b> \$350-\$1,000. \$250 surcharge for three years.</p> <p><b>Suspension of License and Registration:</b> suspend the driver's license and vehicle registrations of the person unless the person files and maintains evidence of financial responsibility with the department until the second anniversary of the date of the subsequent conviction.</p> <p><b>Impoundment:</b> For 180 days and cannot apply for release of car without evidence of financial responsibility. Impoundment fee of \$15 a day.</p>		<p><b>Sec. 601.191.</b> Operation of motor vehicle in violation of motor vehicle liability insurance requirement; offense.</p> <p><b>Sec. 601.231.</b> Suspension of driver's license and vehicle registration.</p> <p><b>Sec. 601.261.</b> Impoundment of motor vehicle.</p> <p><b>Sec. 601.262.</b> Duration of impoundment.</p> <p><b>Sec. 601.263.</b> Cost for impoundment. <a href="http://www.statutes.legis.state.tx.us/Docs/TN/htm/TN.601.htm#601.001">http://www.statutes.legis.state.tx.us/Docs/TN/htm/TN.601.htm#601.001</a></p> <p><b>Sec. 708.103.</b> Surcharge for conviction of driving while license invalid or without financial responsibility. <a href="http://www.statutes.legis.state.tx.us/Docs/TN/htm/TN.708.htm#708.103">http://www.statutes.legis.state.tx.us/Docs/TN/htm/TN.708.htm#708.103</a></p>	<p>No Change</p> <p>Sec. 601.191 Sec. 601.261. Sec. 601.262. Sec. 601.263.</p> <p>As of 2023</p>
Utah	<p><b>Fine:</b> not less than \$400. A court may waive up to \$300 of the fine charged to the owner of a motor vehicle under Subsection (1)(a)(i) if the owner demonstrates that owner's or operator's security required under Section <a href="#">41-12a-301</a> was obtained subsequent to the violation but before sentencing.</p> <p><b>Suspension of License and Registration:</b> the owner may, unless otherwise prohibited by law, apply for a new registration, by providing proof of owner's security for three years. \$100 reinstatement fee (MVD website)</p>	<p><b>Second or Subsequent within three years</b></p> <p><b>Fine:</b> Not less than \$1,000. A court may waive up to \$300 of the fine charged to the owner of a motor vehicle under Subsection (1)(a)(i) if the owner demonstrates that owner's or operator's security required under Section <a href="#">41-12a-301</a> was obtained subsequent to the violation but before sentencing.</p> <p><b>Suspension of License and Registration:</b> the owner may, unless otherwise prohibited by law, apply for a new registration, by providing proof of owner's security for three years. \$100 reinstatement fee (MVD website)</p>		<p><b>41-12a-302.</b> Operating motor vehicle without owner's or operator's security -- Penalty. <a href="http://le.utah.gov/code/TITLE41/htm/41_12a030200.htm">http://le.utah.gov/code/TITLE41/htm/41_12a030200.htm</a></p> <p><b>41-12a-303.2.</b> Evidence of owner's or operator's security to be carried when operating motor vehicle - Defense -- Penalties. <a href="http://www.le.utah.gov/code/TITLE41/htm/41_12a030302.htm">http://www.le.utah.gov/code/TITLE41/htm/41_12a030302.htm</a></p> <p><b>41-12a-604.</b> Suspension of license. <a href="http://le.utah.gov/code/TITLE41/htm/41_12a060400.htm">http://le.utah.gov/code/TITLE41/htm/41_12a060400.htm</a></p> <p><b>41-1a-110.</b> Authority of division to suspend or revoke registration, certificate of title, license plate, or permit. <a href="http://le.utah.gov/code/TITLE41/htm/41_01a011000.htm">http://le.utah.gov/code/TITLE41/htm/41_01a011000.htm</a></p> <p><b>Utah MVD</b> <a href="http://dmv.utah.gov/vehicles-services-menu/insurance-requirements">http://dmv.utah.gov/vehicles-services-menu/insurance-requirements</a></p>	<p>No Change</p> <p>41-12a-302 41-12a-303.2 41-12a-604</p> <p>As of 2023</p>

Penalties for Driving without Auto Insurance by State as of 2014 and 2023

State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
Vermont	<p><b>Fine:</b> \$250-\$500</p> <p><b>Suspension of License:</b> Until proof of financial responsibility is furnished.</p>			<p><b>§ 800. Maintenance of financial responsibility</b>  <a href="http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=23&amp;Chapter=011&amp;Section=00800">http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=23&amp;Chapter=011&amp;Section=00800</a></p> <p><b>§ 802. Suspension of license</b>  <a href="http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=23&amp;Chapter=011&amp;Section=00802">http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=23&amp;Chapter=011&amp;Section=00802</a></p> <p><b>Vermont DMV</b>  <a href="http://dmv.vermont.gov/safety/laws/insurance">http://dmv.vermont.gov/safety/laws/insurance</a></p>	<p>No Change</p> <p>§ 800 § 802</p> <p>As of 2023</p>
Virginia	<p><b>Offense operating uninsured and failure to pay uninsured motor vehicle fee<sup>5</sup>--class 3 Misdemeanor.</b></p> <p><b>Fine:</b> of not more than \$500. (Class 3 misdemeanor for immediately failing to surrender plates)</p> <p><b>Suspension of License, Suspension of registration, Surrender Plates:</b> until such person pays the fee applicable to the registration of an uninsured motor vehicle (\$500) and furnishes proof of future financial responsibility for 3 years.</p>			<p><b>§ 46.2-707.</b> (Effective until January 1, 2014) (PENALTIES ARE NOT CHANGING) Operating uninsured motor vehicle without payment of fee; verification of insurance; false evidence of insurance.  <a href="http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+46.2-707">http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+46.2-707</a></p> <p><b>§ 46.2-706.</b> Additional fee; proof of insurance required of applicants for registration of insured motor vehicles; verification of insurance; suspension of driver's license, registration certificates, and license plates for certain violations. <a href="http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+46.2-706">http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+46.2-706</a></p> <p><b>§ 18.2-11.</b> Punishment for conviction of misdemeanor.  <a href="http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+18.2-11">http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+18.2-11</a></p> <p><b>Virginia DMV</b>  <a href="http://www.dmv.state.va.us/vehicles/#insurance.asp">http://www.dmv.state.va.us/vehicles/#insurance.asp</a></p>	<p>No Change</p> <p>§ 46.2-707 § 46.2-706 § 18.2-11</p> <p>As of 2023</p>

<sup>5</sup> In the 2011 fiscal year 2,425 paid the fee. Car Insurance.com Via MSN Money 4/24/2013. <http://money.msn.com/auto-insurance/drive-uninsured-for-500-dollars-legally-carinsurance.aspx?page=2>

Penalties for Driving without Auto Insurance by State as of 2014 and 2023

State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
Washington	<p><b>Fine:</b> No more than \$250 and \$37 in fees.</p> <p><b>Community Restitution:</b> Or community restitution.</p>			<p><b>RCW 46.30.020</b> Liability insurance or other financial responsibility required — Violations — Exceptions. <a href="http://apps.leg.wa.gov/rcw/default.aspx?cite=46.30.020">http://apps.leg.wa.gov/rcw/default.aspx?cite=46.30.020</a></p> <p><b>RCW 46.63.110</b> Monetary penalties. <a href="http://apps.leg.wa.gov/rcw/default.aspx?cite=46.63.110">http://apps.leg.wa.gov/rcw/default.aspx?cite=46.63.110</a></p> <p><b>Washington State Pamphlet</b> <a href="http://www.dol.wa.gov/driverslicense/insurance.html">http://www.dol.wa.gov/driverslicense/insurance.html</a></p> <p><b>Washington State Courts Schedule of Infractions</b> <a href="http://www.courts.wa.gov/court_rules/pdf/CLJIRLJ6.2.pdf">www.courts.wa.gov/court_rules/pdf/CLJIRLJ6.2.pdf</a></p>	<p>No Change</p> <p>RCW 46.30.020 RCW 46.63.110</p> <p>As of 2023</p>
West Virginia	<p><b>Fine:</b> \$200-\$5,000</p> <p><b>Imprisonment:</b> Or confined in the county or regional jail not less than 15 days nor more than 1 year, or both.</p> <p><b>License and Registration</b> <b>Suspended:</b> suspend the driver's license and vehicle registration until such time as he or she presents current proof of insurance on all currently registered vehicles. <i>Provided,</i> That if an owner complies with the provisions of this subdivision, and pays a penalty fee of \$200 before the effective date, the driver's license suspension of thirty days shall not be imposed and the vehicle registration revocation shall be not imposed and no reinstatement fees are required. <b>Fees:</b> \$100 for registration (additional \$50 is police have to retrieve plates) and \$50 license reinstatement.</p>	<p><b>Second Offense Within 5 years</b></p> <p><b>Fine:</b> \$200-\$5,000</p> <p><b>Imprisonment:</b> Or confined in the county or regional jail not less than 15 days nor more than 1 year, or both.</p> <p><b>License and Registration</b> <b>Suspended:</b> Suspend the owner's driver's license for a period of 30 days and shall revoke the owner's vehicle registration until he or she presents to the Division of Motor Vehicles the proof of security required by this article. If second offense is within 5 years of first. <b>Fees:</b> \$100 for registration (additional \$50 is police have to retrieve plates) and \$50 license reinstatement.</p>	<p><b>Third Offense Within 5 years Fine:</b></p> <p>\$200-\$5,000</p> <p><b>Imprisonment:</b> Or confined in the county or regional jail not less than 15 days nor more than 1 year, or both.</p> <p><b>License and Registration</b> <b>Suspended:</b> For the third or subsequent offense within five years, the commissioner shall suspend the owner's driver's license for a period of 90 days and revoke the vehicle registration until such time as he or she presents current proof of insurance. <b>Fees:</b> \$100 for registration (additional \$50 is police have to retrieve plates) and \$50 license reinstatement.</p>	<p><b>West Virginia DMV Consumer Insurance Information</b> <a href="http://www.transportation.wv.gov/dmv/insurance/Pages/ConsumerInsuranceInformation.aspx">http://www.transportation.wv.gov/dmv/insurance/Pages/ConsumerInsuranceInformation.aspx</a></p> <p><b>CHAPTER 17D.</b> Motor vehicle safety responsibility law. Article 2a. Security upon motor vehicles. <a href="http://www.legis.state.wv.us/WVCODE/Code.cfm?chapter=17d&amp;art=2A#02A">http://www.legis.state.wv.us/WVCODE/Code.cfm?chapter=17d&amp;art=2A#02A</a></p>	<p>No Change</p> <p>CHAPTER 17D. Motor vehicle safety responsibility law. Article 2a. Security upon motor vehicles</p> <p>As of 2022</p>

Penalties for Driving without Auto Insurance by State as of 2014 and 2023

State	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense	Sources and Notes	2023 Updates
Wisconsin	<b>Fine:</b> No more than \$500			<p><b>Wisconsin Statutes 344.65 Violations</b>  <a href="https://docs.legis.wisconsin.gov/statutes/statutes/344/VI/65">https://docs.legis.wisconsin.gov/statutes/statutes/344/VI/65</a></p> <p><b>Article on 2010 Law Requiring Insurance in Wisconsin</b>  <a href="http://www.wiscnews.com/news/local/article_c6cd462c-67a1-11df-a383-001cc4c03286.html">http://www.wiscnews.com/news/local/article_c6cd462c-67a1-11df-a383-001cc4c03286.html</a></p>	<p>No Change</p> <p>Wisconsin Statutes 344.65</p> <p>As of 2023</p>
Wyoming	<p><b>Fine:</b> \$250-\$750</p> <p><b>Imprisoned:</b> No More than 6 months or both.</p> <p><b>Required to Maintain Proof of Financial Responsibility for 3 years</b></p>	<p><b>Second or Subsequent Violation</b></p> <p><b>Fine:</b> \$500-\$1,500</p> <p><b>Imprisoned:</b> No More than 6 months or both.</p> <p><b>Suspension of Registration and Impoundment of Plates:</b> Until financial responsibility met.</p> <p><b>Required to Maintain Proof of Financial Responsibility for 3 years</b></p>	<p>Note: <b>31-4-103</b> has penalties for driving without insurance. 31-9-105, however, also calls for handing in license and registration if insurance is canceled or terminated with another set of penalties in 31-9-106.</p> <p>Should both offenses be on the table? 31-9-105 also adds a suspension of license element.</p>	<p><b>31-4-103. Failure to maintain liability coverage; penalties; exceptions.</b>  <a href="http://legisweb.state.wy.us/statutes/statutes.aspx?file=titles/Title31/T31CH4.htm">http://legisweb.state.wy.us/statutes/statutes.aspx?file=titles/Title31/T31CH4.htm</a></p> <p><b>31-9-105. Return of license and registration to division.</b>  <a href="http://legisweb.state.wy.us/statutes/statutes.aspx?file=titles/Title31/T31CH9AR1.htm">http://legisweb.state.wy.us/statutes/statutes.aspx?file=titles/Title31/T31CH9AR1.htm</a></p>	<p><i>More stringent(higher fine)</i></p> <p><b>First Violation:</b> \$500-\$1,500 fine, and/or up to 6 months in prison</p> <p><b>Subsequent Violation:</b> \$500 to \$1,500 fine, and/or up to 6 months in prison; suspended license and plates until financial responsibility met.</p> <p>Section 31-4-103</p> <p>Changed in 2017</p>

**Penalties for Driving without Auto Insurance by State** as of 2014 and 2023**Methodology:**

All of the penalties listed are for driving without the minimum mandatory liability insurance required by a state or for a similar violation where driving without insurance is not specifically a violation. There are other related but distinct violations, penalties and issues that were not examined, including:

- Not having proof of insurance during a traffic stop.
- Operating but not owning a vehicle without the required liability insurance.
- The listed penalties are often applicable only after a conviction.
- Penalties if an uninsured driver was in an accident—those penalties are often more severe.
- Fraudulent use of an insurance card.
- Whether or how many points are placed on a license for a violation of minimal insurance laws—Missouri and Montana, for instance, both assess points.
- Where penalties were mitigated by getting insurance immediately.
- The above analysis stops at the penalty for driving without insurance and does not list other penalties that might be imposed for violations related to driving without insurance. In North Dakota, for instance, a second or subsequent offense means that a violator has to turn their plates in. If the violator did not turn in their plates it is a Class B Misdemeanor. The punishment for not turning the plates in is not listed.
- Where reinstatement fees were listed as part of the penalty statute they are noted. But there may be additional fees not covered by this chart.

# AIPSA Residual Market Overview

## What is the Automobile Residual Market?

The residual market (also known as the shared market) consists of those consumers who are unable to purchase automobile insurance through the voluntary market due to a variety of factors, such as their driving history or status as first-time drivers. Due to these factors, insurers expect that these drivers' future loss experience will be more costly than the predictions of losses and expenses underlying their voluntary market rates. In most of the United States, this business is shared among insurance companies in two ways:

- (1) applications in the residual market are divided equitably through direct company assignment of the applicants, or
- (2) results of various pooling mechanisms are allocated equitably among participating member companies.

## Why is there a Residual Market?

In the early days of the automobile, there were no requirements for motorists to buy insurance, and insurance companies were free to insure only those who met their underwriting criteria.

The financial consequences of the increasing number of automobile accidents became apparent as car ownership grew. States began passing laws making the possession of automobile liability insurance a practical necessity for most motorists. Under financial responsibility laws, those who didn't have coverage faced the loss of their right to drive if they were unable to pay for damages resulting from an accident they caused. The dilemma facing the insurance industry then was how to satisfy the legal, social, and economic needs for automobile insurance in an equitable manner.

The insurance industry's solution was to establish a mechanism in each state to provide coverage for those drivers who were unable to obtain insurance in the voluntary market. However, each applicant must meet eligibility requirements.

## How large is the Residual Market?

In 2021, \$1.87 billion of premium was written in the automobile insurance residual market, representing 0.6% of the total direct written premium for the automobile insurance market in the United States for that year.

The number of private passenger autos insured through residual market mechanisms is not distributed evenly among all states. Depending upon such factors as government regulations and industry competition, the size of the residual market can vary dramatically from one state to another.

For example, in 2021 the residual market mechanisms in eight states reported annual private passenger residual market premiums of less than \$100,000. In contrast, nine states reported premiums greater than \$25 million during the same year.

## What are State Residual Market Mechanisms?

The first residual market mechanism was established in New Hampshire in 1938. By 1959, all states had programs for sharing applicants. Today, there are several different types of mechanisms for servicing the residual market, including:

### Automobile Insurance Plans (AIPs)

In 45 jurisdictions, applicants who cannot obtain automobile insurance in the voluntary market are shared equitably among all insurers licensed to write automobile insurance in that jurisdiction. The residual market has developed several methods to service this business. They are:

#### — Direct Assignment

With direct assignment, applicants are distributed to insurance companies in proportion to the amount of business each insurer writes voluntarily in the state. The assigned company writes the risk using Plan rates, rules, and policy forms developed by AIPSA and approved by regulators. The assigned company services these policyholders as it services its other customers, and absorbs the profit or loss. This procedure is generally applicable to private passenger and miscellaneous nonfleet risks.

#### — Limited Assignment Distribution (LAD)

In some jurisdictions, within the framework of the Automobile Insurance Plan is a provision for modification of the risk distribution procedure — the Limited Assignment Distribution (LAD). Under the LAD program, companies that wish to be relieved from servicing private passenger and miscellaneous nonfleet direct assignments may do so by executing an agreement with a servicing company (a Negotiated LAD). The servicing company sets and collects "buy-out" fees, and assumes the assignment obligation, underwriting profit or loss, and statistical reporting responsibilities for the transferred risks. The objective of this program is to relieve companies from servicing their share of assignments, as well as to improve service and reduce costs. In several jurisdictions with direct assignment of commercial risks, a similar provision is the Commercial Limited Assignment Distribution Procedure (CLAD). Companies that wish to be

## **AIPSO Residual Market Overview**

relieved from servicing commercial direct assignments have the opportunity to negotiate with CLAD servicing companies to buy out of their quota of such risks.

### **— Personal Automobile Insurance Procedure (PAIP) and Private Passenger Pool (PPP)**

PAIP was established during 2019–2020 in several states to replace the AIPSO-administered LAD program, which ceased to exist due to the lack of servicing companies. The PAIP (Personal Automobile Insurance Procedure) is a financial pooling arrangement where companies share in the operating gain or loss of the business, expenses incurred, and a contingency fund. AIPSO Insurance Operations (AIO) services the PAIP business on behalf of the state Plan. In some states, PAIP policies are issued under the name of the state Plan, while in other states policies are issued under the name of a fronting company.

A related pooling arrangement was adopted in California in 2021, the Private Passenger Pool (PPP). The PPP operates similarly to the PAIP, but is intended to serve only as a back-up to the existing assigned risk / LAD program. As such, the majority of risks continue to be served through direct assignments, while the remainder are written by the PPP where the operating results, expenses, and contingency are shared by participating companies.

### **— Commercial Automobile Insurance Procedure (CAIP)**

The AIP mechanism was originally conceived to service private passenger risks. Commercial exposures were then included as they did not generate more than a minimal amount of premium and included few large risks. Starting in the mid-1970s, insurers began experiencing a sharp increase in the number and size of commercial risks. Special Risks Distribution Programs (SRDPs) and a Servicing Carrier Program (SCP) were introduced in nine jurisdictions in the mid-1970s to deal with large commercial risks.

The passage of the Motor Carrier Act of 1980 and the Bus Regulatory Reform Act of 1982 required greater minimum financial responsibility limits of liability and coverage than previously provided by the Plans, and accelerated demand for coverage. A study was conducted to determine a better method of handling this business, resulting in the creation of a new pooling mechanism — the Commercial Automobile Insurance Procedure (CAIP). The first CAIPs were introduced in 1982.

In CAIP, a limited number of companies act as servicing carriers for eligible risks on behalf of all insurers writing commercial automobile business in the voluntary market. These carriers record CAIP experience as direct business and then cede 100% to the appropriate state Plan. The Plan subscriber companies assume their proportionate share of the pool's operating results. In 2012, AIPSO Insurance Operations (AIO) was established to serve as a backup servicing carrier in jurisdictions where there was only one servicing carrier available.

A modified approach to the CAIP, known as the Commercial Assignment Procedure (CAP), was developed in Pennsylvania in 1991. Risks eligible for this program are similar to those of the early SRDPs. Under this program, eligibility for application of the pooling concept is restricted to specific classifications requiring specialized expertise (e.g., truckers, taxis, buses) and to risks requiring higher limits of coverage than those generally available through the state Plan.

### **— Service Center**

A service center is a modified version of the traditional Plan office. In addition to providing traditional Plan services such as processing of auto applications and assignment to an insurer, the service center performs many of the functions an assigned company normally would — underwriting, policy issuance, and premium collection on behalf of an assigned company. The assigned company retains responsibility for claims handling and statistical reporting, and will absorb any profit or loss. In order to gain efficiencies and counter the challenges of this approach, the service centers will incorporate a pooling mechanism model. The Rhode Island Service Center adopted a pooling mechanism model similar to PAIP in 2019. Service Centers in Alaska, Alabama, Georgia, Mississippi, and Tennessee transitioned to the PAIP model in 2022.

### **Joint Underwriting Associations (JUAs)**

A JUA is a pooling mechanism under which a limited number of companies act as servicing carriers, which issue and service the policies. JUA operating results are shared among member companies in proportion to their share of the voluntary market.

Currently, there are four JUAs: Florida Automobile Joint Underwriting Association (FAJUA), Hawaii Joint Underwriting Plan (HJUP), MAIPF (Michigan Automobile Insurance Placement Facility), and the New York Public Auto Pool (PAP). The New York PAP began as a special program for handling taxis and limousines —the Taxi and Limousine Pool—and was later redefined as the PAP to include all vehicles classified as a public automobile.

# AIPSA Residual Market Overview

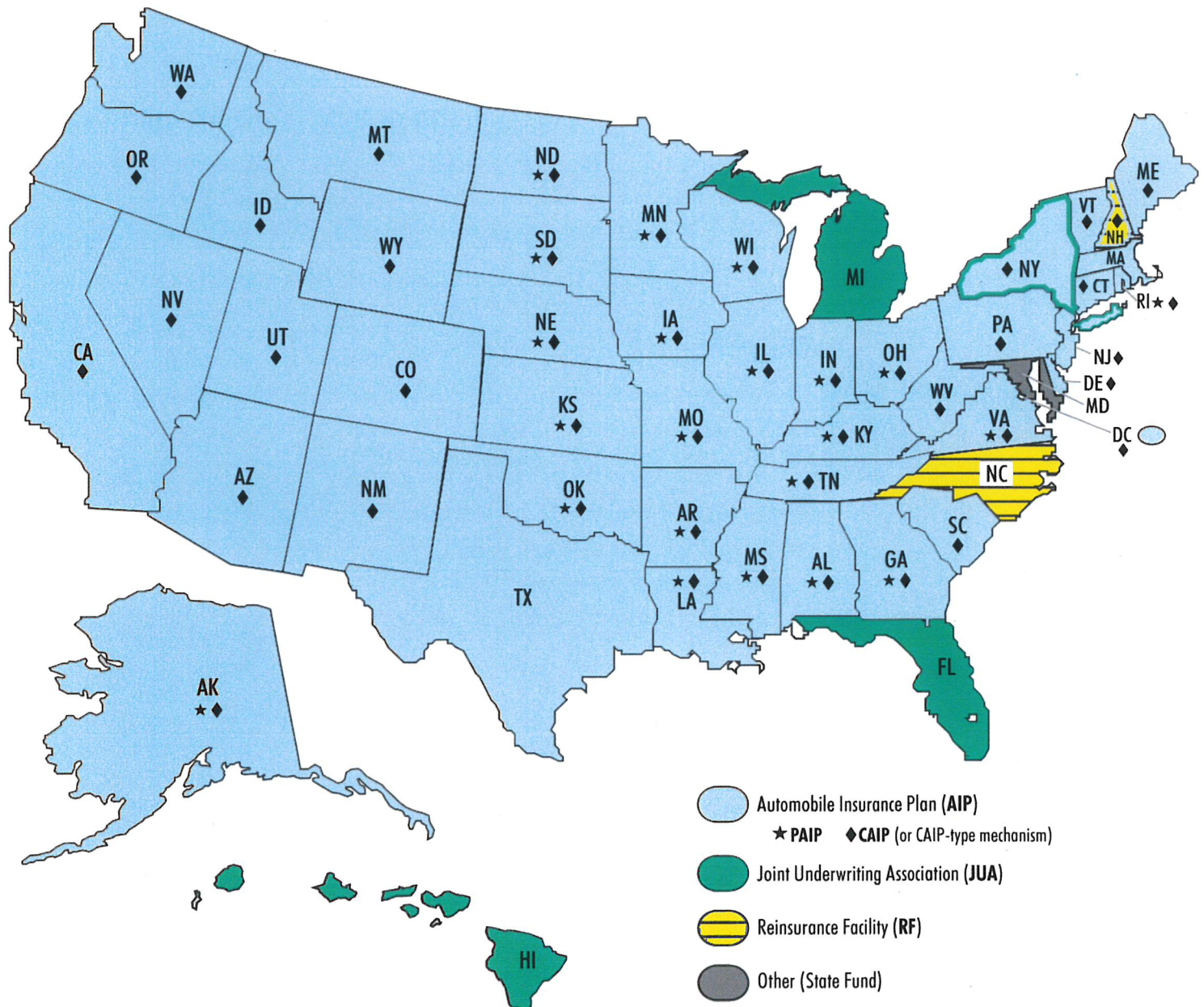
## Reinsurance Facilities (RFs)

Under this pooling system, each auto insurer is required to provide coverage and service the claims for any applicant but is permitted to cede a percentage of its policies to the Reinsurance Facility. The profits or losses on Facility business are shared equitably among all auto insurance companies licensed in the state in proportion to their share of the market.

## State Fund (SF)

Maryland has established a state fund mechanism to provide automobile insurance to applicants who cannot obtain coverage in the voluntary market. While private insurers do not participate directly in the Maryland Automobile Insurance Fund, they are required by law to subsidize any losses resulting from the Maryland operation and are permitted to recover these losses by surcharging their own policyholders.

## Types of Auto Residual Market Mechanisms



Note: New Hampshire has a Reinsurance Facility to service private passenger business, and a CAIP to service commercial business. New York has AIP, CAIP, and NY PAP, a JUA.

# AIPSO Residual Market Overview

## What AIPSO Does

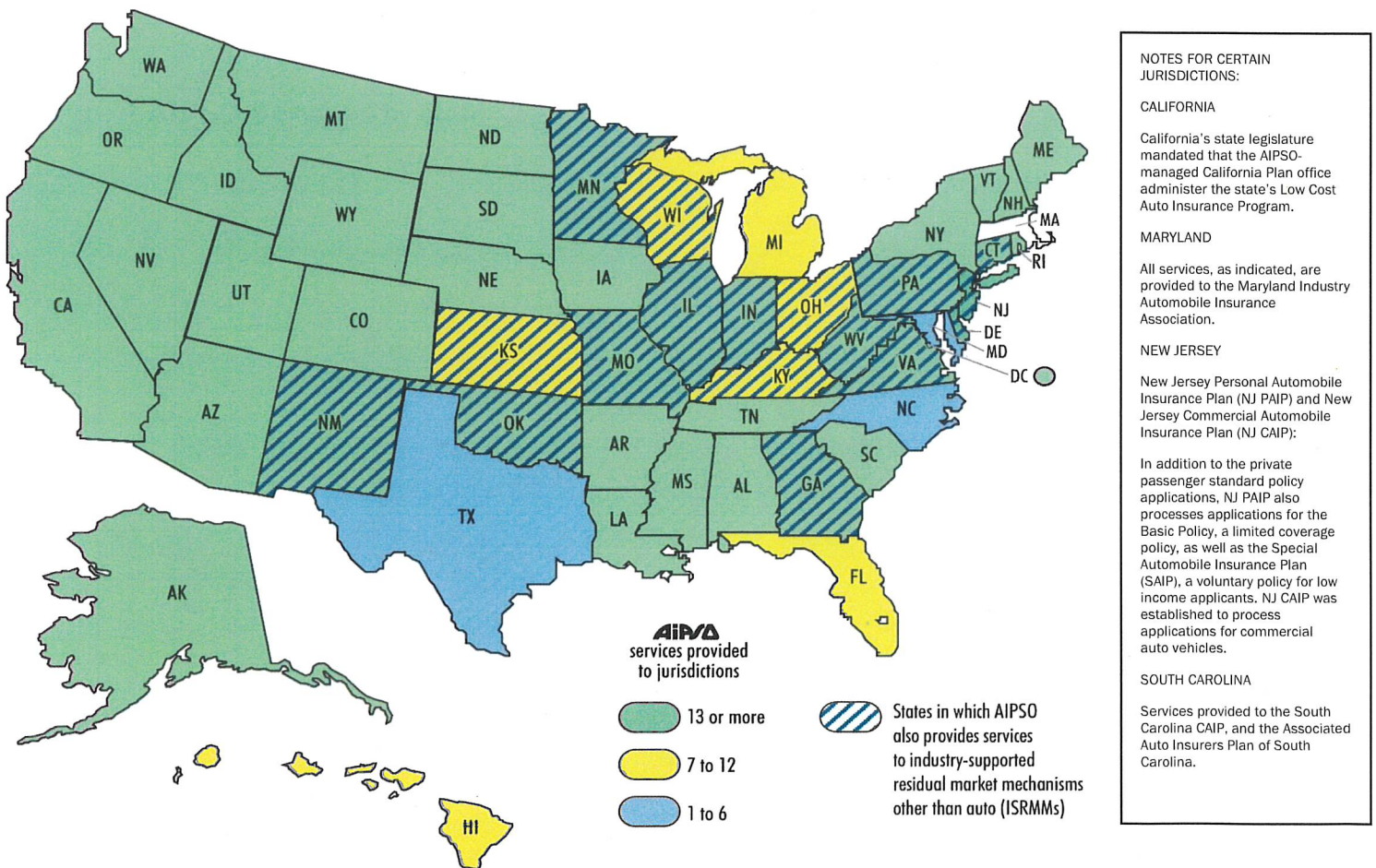
AIPSO is a management organization and service provider for various insurance industry groups responsible for administering the residual market. Being a nonprofit organization, the revenues AIPSO receives from automobile insurers generally cover only its operating costs. These costs are shared among the insurers on a market share basis for each of 49 states (as well as District of Columbia) in which AIPSO provides services. Many AIPSO services are provided directly to or on behalf of governing committees representing residual market mechanisms in each state. Service components are frequently subject to the prior approval of the respective state insurance regulators.

As a national organization that serves local customer needs, centralization and standardization are key to many AIPSO services because of the inherent economies of scale and other efficiencies. However, the organization is based on customer focus and recognizes the need for flexibility in serving customer groups with diverse interests. Services are tailored to meet local state residual market needs where appropriate. AIPSO's home office departments, remote and regional offices work together to serve the industry. While the home office is organized functionally, teams share responsibility for providing all services to AIPSO customers throughout the country.

Our customers—the many and varied segments of the insurance industry—are the reason why AIPSO exists. This customer base is continually challenging our organization to provide services at higher levels of excellence. In accepting these challenges, AIPSO's philosophy of serving the insurance industry is to respond to our customers' requests, while simultaneously focusing on efficient management and cost containment.

The services that AIPSO provides to the auto insurance residual market will be offered to industry-supported residual market mechanisms for lines of insurance other than automobile, but only when there is an opportunity to add economies of scale through avoidance of redundancies and costs borne by the same industry segments that are assessed by AIPSO. AIPSO services are customer-focused, and a detailed description of the services provided appear in the AIPSO Services section.

## Range of AIPSO Services by state



# AIPSO Residual Market Overview

## AIPSO Services

### Plan Management Services

Residual market mechanisms' governing bodies appoint AIPSO as Plan Manager to provide all necessary services, support, and/or products that are needed for the effective and efficient administration of an auto insurance plan, joint underwriting association, or reinsurance facility. AIPSO currently serves as Plan Manager of residual market mechanisms in thirty-seven states and the District of Columbia, and

- provides all the services described in this services listing, along with management of a local support office. Bundling all the services enables AIPSO to apply economies of scale and other efficiencies attained through team management.
- employs experienced professionals as individual Plan Managers to work closely with their governing bodies. These Plan Managers and support staff are knowledgeable with regard to their local jurisdiction's residual market requirements, enhancing AIPSO's ability to be flexible in serving customer groups with diverse interests.
- assigns a team leader to each mechanism to facilitate and coordinate all communication and delivery of services to ensure that the expectations and needs of the governing body will be understood and satisfied.
- provides the same level of support to the local offices as it does at to the AIPSO home office. This includes all employee-related services, such as compensation programs, training, and benefits, as well as legal compliance, audit services, facilities support (office design, lease management), and budget/plan programs. This allows local offices, despite their size, to receive the benefits of a large organization while serving as a local operation with close proximity to policyholders providing optimal customer service.
- provides complete administrative support for all industry meetings, enabling them to proceed efficiently with maximum decision-making ability.
- provides project planning, and project management services.

### AIPSO Insurance Operations Services

AIPSO functions as a service provider to private passenger and commercial risks in support of the auto insurance residual market's Commercial Automobile Insurance Procedures (CAIPs), Joint Underwriting Associations (JUAs), Personal Automobile Insurance Procedures (PAIPs) and Private Passenger Pools (PPPs). We

- utilize a fronting company vendor in jurisdictions where Plan paper is not currently approved for use
- underwrite and issue policies assigned via contract with specific state Plan mechanisms
- provide customer service to producers and policyholders
- work with a claims vendor to service and settle all claims arising from issued policies
- report premium and loss statistical data to the mechanism's statistical agents

### Application Processing Services

AIPSO processes insurance applications and provides customer support for any residual market mechanism. We

- review applications received from producers for completeness and eligibility
- collect key information for creating data bases
- assign and deliver applications to insurance companies or servicing carriers
- provide an electronic binding system
- offer customer service for answering inquiries from insureds, producers, and insurance companies
- provide electronic coverage verification

### Automated Information Systems Services

AIPSO provides and supports information systems for any residual market mechanism. We

- provide systems planning and design
- coordinate telecommunications, networking, and data transmission
- implement, monitor, and maintain data and systems security
- offer programming expertise
- provide and maintain software, systems, and equipment

### Commercial Automobile Safety Program (CASP) Services

AIPSO provided processing support for loss prevention programs, acting as the liaison with companies that inspect commercial vehicles for safety hazards until September 2022, when this program ended.

# AIPSO Residual Market Overview

## Financial Services

AIPSO provides accounting and investment services for any residual market organization. We

- process account receivables/payables
- maintain general ledgers
- prepare GAAP/statutory financial statements, reports, and tax filings in accordance with state requirements
- maintain and reconcile bank accounts
- prepare, distribute, and collect assessments
- oversee mechanisms' investments based on the respective investment policy
- prepare cash flow projections and budgets to ensure prospective cash needs are met
- ensure purchasing of goods and services is performed in compliance with company policy

## Fraud Containment Services

AIPSO takes measures on both a national and state level to identify and combat premium diversion and other types of fraud in connection with insurance coverage provided through auto insurance residual market mechanisms and Producer involvement.

- enhance industry's awareness of auto insurance residual market fraud through seminars
- pursue fraud cases through legal action or internal administrative action through Peer Review
- implement measures to deter premium diversion fraud in state assignment mechanisms, i.e. edit systems, 15-day delays, ineligible applicants etc.
- investigate complex application fraud and other policy activity, including application and premium transactions, as requested
- encourage the sharing of intelligence gathered from underwriting investigations among auto insurance residual market mechanisms, insurance companies, National Insurance Crime Bureau (NICB), and regulatory authorities

## Legal and Compliance Services

AIPSO provides all necessary legal counsel and support for automobile residual market organizations managed by AIPSO. This includes compliance services to ensure operations comply with federal and state laws and regulations.

## Management Consulting Services

AIPSO team leaders, managers, and other professional employees provide management expertise on a consulting basis to residual market mechanisms that are supported, but not managed, by our organization. This includes employee/team management, information management, facilities management, and any other expertise or program associated with managing an office.

## Members Participation Services

AIPSO collects data and performs calculations for insurers to equitably participate in the operating results of pooling mechanisms such as PAIP, CAIP, JUA, and RF. We

- collect and analyze residual market data written by the servicing providers of the pooling mechanisms, and settle cash balances with the service providers
- collect company voluntary data from the NAIC and statistical agents, and from companies directly, to determine market shares
- calculate company participation ratios, adjusting for depopulation credits where applicable
- develop and issue ratio reports and participation reports that reflect each company's share of the pooling mechanism
- settle cash with each insured based on their share of the pool's operating results

## Pooling Mechanism Support Services

AIPSO provides analysis and administrative support for residual market organizations (e.g., CAIPs, PAIPs, joint underwriting associations, reinsurance facilities). AIPSO also functions as a liaison for servicing carriers, residual market organizations, and member companies. We

- analyze insurance data and operating results, and identify issues that influence the results
- develop Uniform Plan of Operation rule changes
- develop and maintain uniform accounting and statistical rules
- prepare and distribute management information reports and post mechanism experience online

# **AIPSO Residual Market Overview**

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## **Policy Forms Services**

AIPSO develops automobile insurance policies designed specifically for the residual market. We

- develop and maintain policy forms, endorsements, applications, technical manuals, and related policy writing forms
- monitor and analyze law changes to assure legally sufficient contract language
- provide policy forms, applications, and related policy writing forms to producers in online formats, in addition to bulk supplies for producers

## **Producer Certification Services**

AIPSO provides support for producer licensing and certification for residual market organizations. We

- maintain an automated system for tracking producer compliance
- support Peer Review Panels
- maintain producer licensing

## **Quota Sharing Services**

AIPSO develops and adjusts quota ratios for insurers to maintain equitable sharing of insurance applications. We:

- prepare and distribute AIPSO's statistical call for residual market participation, quota determination, and fulfillment data
- determine quota shares based on company voluntary writings, depopulation credits, and quota fulfillment
- distribute applications to insurers through a random assignment system
- maintain company information such as affiliate groupings and LAD/CLAD buy-out contracts and apply the appropriate adjustments to quota
- analyze the effect of any proposed changes to the calculation of quotas

## **Rating & Actuarial Services**

AIPSO is a licensed rating and/or advisory organization in more than forty-five states and the District of Columbia. We

- collect, evaluate, and edit insurance premium, loss, and expense data received from statistical organizations that collect the data from insurance companies
- develop rates, and rating rules designed specifically for the residual market
- develop individual rates for unique risks not specifically rated from the rating manuals
- present rate indications to governing committees
- file rates and rules with regulators on behalf of state residual market organizations
- provide rates and rules in both print and online formats

## **Regulatory Affairs Services**

AIPSO communicates with state insurance regulatory agencies on various filings and regulatory issues. The involvement of both home office and regional office personnel enhances the filing approval process. We

- act as liaison with regulators and the National Association of Insurance Commissioners (NAIC) on behalf of governing committees
- collaborate with the Legal & Compliance Services staff and other AIPSO personnel to ensure the organization's compliance with applicable regulations and laws
- represent AIPSO at NAIC National Meetings and other industry related organizations to maintain effective relationships and stay abreast of current regulatory and industry trends
- clarify intent and need for various filings as issues arise

## **Servicing Carrier Audit Services**

AIPSO Audit Services conducts compliance audits (remotely or on-site) of residual market servicing carriers.

## **Uniform Operating Rules Services**

AIPSO develops uniform operating rules for residual market organizations. We

- present and interpret uniform rules to governing committees
- draft final rules as adopted
- file rules with regulators

**AIPSA Residual Market Overview**

**Residual Market Mechanisms by Jurisdiction**

State or Jurisdiction	AIP	LAD <sup>1</sup>	PAIP <sup>2</sup>	CAIP CAP/SRDP	PPP <sup>3</sup>	CLAD	JUA	SF <sup>4</sup>	RF	Other
Alabama	✓		✓	✓						
Alaska	✓		✓	✓						
Arizona	✓	✓		✓						
Arkansas	✓		✓	✓						
California	✓	✓		✓	✓					✓ <sup>5</sup>
Colorado	✓	✓		✓						
Connecticut	✓	✓		✓						
Delaware	✓	✓		✓						
District of Columbia	✓	✓		✓						
Florida							✓			
Georgia	✓		✓	✓						
Hawaii							✓ <sup>6</sup>			
Idaho	✓	✓		✓						
Illinois	✓		✓	✓						
Indiana	✓		✓	✓						
Iowa	✓		✓	✓						
Kansas	✓		✓	✓						
Kentucky	✓		✓	✓						
Louisiana	✓		✓	✓						
Maine	✓	✓		✓						
Maryland								✓		
Massachusetts	✓									
Michigan							✓			
Minnesota	✓		✓	✓						
Mississippi	✓		✓	✓						
Missouri	✓		✓	✓						
Montana	✓	✓		✓						
Nebraska	✓		✓	✓						
Nevada	✓	✓		✓						
New Hampshire				✓					✓	
New Jersey	✓	✓		✓						✓ <sup>9</sup>
New Mexico	✓	✓		✓						
New York	✓	✓		✓		✓ <sup>7</sup>	✓ <sup>8</sup>			
North Carolina									✓	
North Dakota	✓		✓	✓						
Ohio	✓		✓	✓						
Oklahoma	✓		✓	✓						
Oregon	✓	✓		✓						
Pennsylvania	✓	✓		✓		✓				
Rhode Island	✓		<sup>10</sup>	✓						
South Carolina	✓	✓		✓		✓				
South Dakota	✓		✓	✓						
Tennessee	✓		✓	✓						
Texas	✓	✓		✓		✓				
Utah	✓	✓		✓						
Vermont	✓	✓		✓						
Virginia	✓		✓	✓						
Washington	✓	✓		✓						
West Virginia	✓	✓		✓						
Wisconsin	✓		✓	✓						
Wyoming	✓	✓		✓						
TOTAL	45	22	21	44	1	4	4	1	2	2

NOTES:

<sup>1</sup>LAD: Limited Assignment Distribution - An arrangement where a company is relieved of its obligation to take Plan assignments by contracting with a third-party servicing company for a fee. This program is referred to as a negotiated LAD, because the buy-out fee is negotiated between the servicing company and the buyout company. The servicing company writes and services all assigned risk policies on behalf of the buyout company. A separate AIPSO-administered LAD program was in effect in 15 states, but was replaced by the PAIP (see note 2).

<sup>2</sup>PAIP - Personal Automobile Insurance Procedure (PAIP) - Pooling mechanism in which a servicing carrier or service provider writes all Plan personal auto policies and operating results are pooled and shared by member companies. Replaces AIPSO-administered LAD and direct assignment. Effective 1/1/19 in Kentucky and 1/1/20 in all other states.

<sup>3</sup>PPP: Private Passenger Pool.

<sup>4</sup>SF: State Fund. This mechanism was established by statute and operates as a state mandated insurance company, although it is not funded by the state. Assessments to insurers are administered by the Maryland Industry Automobile Insurance Association (MIAIA).

<sup>5</sup>The California Low Cost Automobile Insurance Program (LCA) is administered by the California Automobile Assigned Risk Plan (CARRP).

<sup>6</sup>Includes servicing of Hawaii Assigned Claims and Certified Public Assistance Insured (CPAI) programs.

<sup>7</sup>Includes CLAD and PAP CLAD. PAP CLAD is a buy-out alternative to the New York Public Automobile Pool (PAP).

<sup>8</sup>New York Public Automobile Pool (PAP).

<sup>9</sup>The Special Automobile Insurance Plan (SAIP) and Low-Speed Vehicle Program are administered by the New Jersey Automobile Insurance Plan from AIPSO's regional office in Mt. Laurel, NJ.

<sup>10</sup>Effective 1/1/19 the Rhode Island Service Center transitioned from direct assignment of private passenger risks to a PAIP-type pooling mechanism. Personal auto policies are issued in the name of the Rhode Island Automobile Insurance Plan. Policyholder services and claim handling are provided. Operating results are pooled and shared by member companies and invoiced with the assessments for the other PAIP states.