

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1583

(Chair, Judiciary Committee)(By Request - Departmental
- Maryland Insurance Administration)

Judiciary

Private Passenger Motor Vehicle Insurance - Fairness and Affordability Study

This departmental bill requires the Maryland Insurance Administration (MIA) to create a workgroup to study how the General Assembly could establish an equitable and sustainable low-cost auto program or economic relief credit program to reduce the cost of private passenger automobile insurance for low-income drivers in the State. The workgroup must report its findings and recommendations to the Governor and General Assembly by January 1, 2027. **The bill takes effect July 1, 2026 and terminates June 30, 2027.**

Fiscal Summary

State Effect: The bill's requirements can be handled using existing budgeted resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: MIA has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Bill Summary: In conducting the study required by the bill, the workgroup must consider:

- whether the program should be open to income-eligible residents with good driving records who are able to obtain coverage on the voluntary market or be limited to high-risk drivers insured through the Maryland Automobile Insurance Fund;
- whether and, if so, how coverage types and coverage limits for policies offered through a low-cost auto program should be constrained to control program costs;

- what the eligibility criteria should be to qualify for coverage through a low-cost auto program, such as having: (1) individual or household income below a certain threshold; (2) a good driving record or being a new driver; and (3) a vehicle valued below a certain amount;
- whether a low-cost auto program should be completely self-funded via adequate rates and surcharges paid by its policyholders or a supplemental funding source should be designated;
- the appropriate entity to administer a low-cost auto program or economic relief credit program; and
- how an economic relief credit program should be funded.

By January 1, 2027, the workgroup must report its findings to the Governor and General Assembly.

Current Law: Among other things, Chapter 395 of 2025 required MIA to establish a workgroup to study:

- the affordability of private passenger automobile insurance in the State, including factors that contribute to premium rate increases and trends in rate increases;
- policy options to provide greater transparency regarding automobile insurance premiums and to increase the affordability of automobile insurance in the State;
- ways in which “affordability” has been defined in the context of the establishment of private passenger automobile insurance premium rates;
- methodologies by which affordability can be considered in establishing private passenger automobile insurance rates consistent with ratemaking principles codified in the Insurance Article; and
- the current financial status of private passenger automobile insurers in the State and potential options to address excess profits.

The final report of the workgroup was released in December 2025 and can be found on MIA’s website [here](#).

Background: MIA advises that the bill implements one of the workgroup’s recommendations. Specifically, the workgroup recommended further study into whether and how the General Assembly could design an equitable and sustainable low-cost auto program for income-eligible residents. MIA advises that such a program would help low-income residents comply with State insurance laws and reduce the number of uninsured drivers on the road, ultimately lowering private passenger automobile insurance premium rates at large.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Automobile Insurance Fund; Maryland Insurance Administration; Department of Legislative Services

Fiscal Note History: First Reader - March 6, 2026
jg/rld

Analysis by: Kayvon Samadani

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Private Passenger Motor Vehicle Insurance - Fairness and Affordability Study

BILL NUMBER: HB 1583

PREPARED BY: Jamie N. Sexton, Associate Commissioner of External Affairs and Policy Initiatives

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

___ WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The Maryland Insurance Administration does not expect that the proposed bill would have any meaningful economic impact on small businesses.