



**MONTGOMERY COUNTY COUNCIL**  
ROCKVILLE, MARYLAND

**TOM HUCKER**  
VICE PRESIDENT

PUBLIC SAFETY COMMITTEE  
CHAIR, TRANSPORTATION & ENVIRONMENT COMMITTEE

August 18, 2020

Commissioner Kathleen Birrane  
Maryland Insurance Administration  
200 St. Paul Place, Suite 2700  
Baltimore, MD 21202

Dear Commissioner Birrane,

I am writing to urge you to direct auto insurance companies to give back premium refunds to their consumers to ensure that insurance rates are fair, not excessive, and to provide badly needed relief during this time of economic hardship.

When the COVID-19 pandemic began in March 2020, states across the country closed down businesses and issued stay at home orders. This caused a massive decline in miles driven, auto crashes, and insurance claims paid out as consumers remained at home, and auto insurers reaped an enormous and unearned windfall. For millions of Americans impacted by COVID-19 social distancing measures—who are no longer driving to work because they have been directed to work from home or their employer has closed down – the annual mileage on which their auto insurance premium is based has suddenly and dramatically become incorrect.

The Consumer Federation of America (CFA), a coalition of consumer advocacy groups, called on insurers to refund some of their premiums. In response, most auto insurers announced premium relief for their consumers for at least a couple of months. CFA issued a report card grading the insurers; the most common refund was 15% of premiums for two months. Some companies were more generous (offering 20% - 30% of premiums) some companies were stingier (GEICO only offers a 15% premium credit if you renew your policy in the next few months) and a few companies provided no relief at all.

Since then, the COVID-19 pandemic has continued and cases are rising. While some businesses have reopened, the conditions that led to auto insurance companies providing voluntary refunds and credits in the spring persist and will continue for the foreseeable future. Driving

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and crashes are still far below normal. Several insurers, including Allstate, Amica, and State Farm, have announced extensions of premium relief, but most insurers have not.

As CFA's insurance expert Doug Heller noted: "Unfortunately, most insurance companies seem to think they did enough by giving refunds for two or three months this spring. But this pandemic persists in Maryland and much of the country. The same reasons that made premium refunds necessary in the spring are still here; consumers need Commissioner Birrane to require that auto insurers provide adequate relief."

It is incumbent upon you and your Department to ensure that insurance rates are not excessive and consumers are not being overcharged for coverage at this time of dramatically reduced exposure to risk of loss.

Four states—California, Michigan, New Jersey, and New Mexico—have already required premium refunds. The most recent California bulletin ordered premium relief to be extended through June and that auto insurers should evaluate changes in risk to their policyholders and apply additional savings as warranted through the remainder of the pandemic.

We urge you to follow these examples and issue a bulletin requiring auto insurance premium relief for consumers through the end of summer and beyond as circumstances require.

Sincerely,



Tom Hucker  
Vice President  
Montgomery County Council