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BULLETIN 23-3

DATE: February 21, 2023

TO: All Property & Casualty insurers and producers writing motor vehicle liability insurance in Maryland

RE: Underwriting and pricing considerations related to certain models of Kia and Hyundai automobiles

The Maryland Insurance Administration (“Insurance Administration”) is aware of and has been closely monitoring the increase in the frequency of thefts of certain models of Hyundai and Kia automobiles in Maryland and elsewhere in the United States. The purpose of this Bulletin is to advise insurers of the Insurance Administration’s enforcement position regarding the application of Maryland insurance law to underwriting and / or pricing actions that insurers may be considering in response to this situation.

As a reminder, an insurer’s underwriting guidelines may not be unfairly discriminatory and must be reasonably related to its business and economic purposes. *See* Md. Code Ann. Ins. § 27-501. Additionally, an insurer must file all rates and rating rules with the Insurance Administration before using them. *See e.g.* Md. Code Ann. Ins. §§ 11-307 and 27-216. Further, it is well established that an insurer must use the rates it has on file and may not refuse to insure a risk for which it has a filed rate.

The Insurance Administration has read media accounts reporting that certain insurers may be refusing to insure specific Hyundai or Kia models. The Insurance Administration is unaware of any writer of motor vehicle liability insurance currently offering private passenger automobile insurance in Maryland that does not presently have a filed rate for these vehicles. *Hence, the Insurance Administration considers refusals to insure these vehicles to be in direct contravention of rates filed with the Insurance Administration and a violation of Maryland law.*

The Insurance Administration has surveyed the top-12 insurance groups by market share writing motor vehicle liability in Maryland, comprising in excess of 90% of the market, and confirmed that, as of the date of this Bulletin, none have an underwriting guideline in force excluding these vehicles from coverage eligibility. Any insurer contemplating an amendment to its rating rules in order to attempt to implement such an underwriting guideline should be aware that it is the view of the Insurance Administration that (i) the impact of the increased frequency of theft for these vulnerable vehicles is limited to a subset of Hyundai and Kia models and (ii) importantly, the economic impact of this claim frequency increase is limited to an insurer’s comprehensive

coverage loss costs. Accordingly, the Insurance Administration sees no legitimate business or economic purpose for rendering all or any subset of Hyundai and Kia vehicles wholly ineligible for motor vehicle liability coverage in Maryland.

Further, it is the expectation of the Insurance Administration that any rate or rating rule filing that effects eligibility or pricing for Hyundai and Kia vehicles will be limited to the comprehensive coverage peril and will not exclude the vehicles from being rated. It is also the Insurance Administration's expectation that any insurer wishing to amend any rate or rating rule related to these vehicles will first consult with the Insurance Administration by making contact directly with the Associate Commissioner for the Property & Casualty Division, Robert Baron.

Please contact Associate Commissioner Baron directly with any questions or concerns at 410.468.2353 or at Robert.Baron@Maryland.gov.

KATHLEEN A. BIRRANE
Commissioner

By: SIGNATURE ON ORIGINAL

Robert Baron
Associate Commissioner
Property and Casualty