

The Maryland Insurance Administration (MIA) offers a consumer guide designed to educate teen and young adult drivers about the requirements and options for auto insurance in Maryland. Maryland law requires all motor vehicle owners to obtain specific insurance coverage, including liability coverage, uninsured motorist coverage, and personal injury protection (PIP). The minimum liability coverage is set at \$30,000 for bodily injury per person and \$15,000 for property damage per accident, while uninsured motorist coverage has similar minimums. PIP provides a minimum of \$2,500 for medical expenses and lost income due to injuries from an accident. In addition to these mandatory coverages, optional coverages such as collision and comprehensive insurance are available, with collision covering repairs or the vehicle's fair market value after a collision, and comprehensive addressing damages from non-collision incidents like theft or vandalism. Other optional coverages include rental reimbursement, transportation expense coverage, towing and labor, and medical payments coverage.

The guide stresses the importance of understanding the specific terms and limits of each policy, as well as the financial implications of selecting higher coverage limits. It warns that failing to maintain the required insurance can lead to significant penalties, including fines and the inability to legally drive. Factors influencing auto insurance premiums include the driver's experience, driving record, and the type of vehicle insured, with young drivers, particularly males under 26, facing higher rates due to their accident rates. To help reduce premiums, young drivers are encouraged to maintain a clean driving record, choose vehicles wisely, utilize safety features, maintain good credit, and keep up good grades. If a young driver has difficulty obtaining insurance, they may seek coverage through the Maryland Automobile Insurance Fund (MAIF) after being denied by two insurers, although MAIF premiums may be higher.

In the event of a loss, the insurer will pay the actual cash value (ACV) of the vehicle, regardless of any outstanding loan balance. GAP insurance is available to cover the difference between the ACV and the loan balance. If an automobile insurance policy is canceled or not renewed, the insurer must

notify the Maryland Vehicle Administration (MVA), which may require proof of insurance coverage. The guide also highlights the importance of understanding driving laws, especially for provisional license holders, and provides information on how to file complaints against insurers for unfair practices. Participation in the Rapid Response Program is voluntary and does not affect the right to file a formal complaint with the MIA. Consumers can contact the MIA's Consumer Complaint Investigation Division for assistance or file complaints online.

Maryland consumers with property and casualty insurance policies or individual disability policies who believe their insurer has not acted in good faith regarding a first-party claim may file a civil complaint. Good faith is defined as making decisions based on honesty and diligence supported by evidence known or should have been known at the time of the claim decision. If a civil complaint is filed and the insurer is found to have acted in bad faith, the insured may be entitled to enhanced damages, including actual contract damages, litigation expenses, reasonable attorney fees not exceeding one-third of the actual damages, and post-judgment interest. This consumer guide serves educational purposes only and does not provide legal advice or endorsements. Policy terms may vary by insurer, and consumers are encouraged to consult their insurer or insurance producer for specific information. All MIA publications are available for free on their website or by request, and they may be reproduced in full without alteration, provided the MIA's name and contact information remain visible. Requests for alternative formats for individuals with disabilities can be made in writing to the MIA.