



**Testimony in Support of SB0017**  
**Motor Vehicle Insurance – Use of Credit History in Rating Policies**  
**Wednesday, January 29, 2020**

TO: The Honorable Delores Kelley, Chair; The Honorable Brian Feldman, Vice Chair; and Members of the Senate Finance Committee

FROM: Laura E. Irwin, Chair, Montgomery County Community Action Board

The Montgomery County Community Action Board, the County's federally designated anti-poverty group and the governing body for Head Start and the Community Action Agency, strongly supports SB0017. Currently, auto insurance companies are allowed to use a driver's credit history (or the lack thereof) to set ratings and insurance premiums. Since car insurance is required by state law, such policies negatively impact low-income individuals who are often the victims of predatory lending practices, resulting in lower credit scores. Many low-income individuals lack credit history altogether because their circumstances prevent them from qualifying for any type of formal loan or credit. The current rules surrounding auto insurance result in too many Marylanders being stuck in a vicious cycle: they cannot take a higher-wage job or pursue an educational program that could help them achieve self-sufficiency because such opportunities often require them to drive and therefore have insurance. Without such opportunities, they have no chance to improve their credit, one of the major factors preventing them from obtaining affordable car insurance.

Our Board supports policies that remove unnecessary barriers for individuals who are striving to become self-sufficient. Requirements such as car insurance should be more affordable, not less, so that it will be easier for individuals to pursue workforce development trainings and higher paying jobs. We know that in an expensive area like Montgomery County, a single parent with an infant and a preschooler needs to earn \$103,322 to meet the Self-Sufficiency Standard.<sup>1</sup> It can be challenging enough for a County resident to obtain employment that offers this level of income; avoidable obstacles like the lack of car insurance should not stand in someone's way.

We encourage the Committee to support SB0017 and to explore other policies that will make it easier for all residents to move towards self-sufficiency.

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<sup>1</sup> <http://www.selfsufficiencystandard.org/>