

# JOTF JOB OPPORTUNITIES TASK FORCE

*Advocating better skills, jobs, and incomes*

## **TESTIMONY IN SUPPORT OF SENATE BILL 934:**

### **Baltimore City and Prince George's County - Lifeline Low-Cost Automobile Insurance Program**

TO: Hon. Delores Kelley, Chair, and Members of the Senate Finance Committee

FROM: Christopher Dews, Policy Advocate

DATE: March 4th, 2020

The Job Opportunities Task Force (JOTF) is an independent, nonprofit organization that advocates for better jobs, skills training, and wages for low-income workers and job seekers in Maryland. We support Senate Bill 934 as a means of removing barriers to affordable and accessible transportation for low-wage workers.

Mobility is a vital factor for working families, yet the insurance industry practice of "territorial rating" - setting premiums based on the statistical likelihood of accidents and claims by residents of a given area - means that individuals who live in low-income, predominantly African American neighborhoods and have limited education, are saddled with the highest auto insurance premiums. The current law permits insurers to determine eligibility for coverage and insurance premiums on the basis of education, occupation, residence, age, gender, and credit history.

In 2018, JOTF sponsored a report displaying links to how poverty is criminalized in the state of Maryland. Lack of accessible auto insurance is one of the biggest links. In Maryland, it is against the law to drive while uninsured and nearly 50% of Marylanders drive cross county for work. Maryland and Virginia also happen to have the highest cross-county commuter rates in the Nation. This means that access to affordable auto insurance is essential for a sustainable life in Maryland. Furthermore, another study conducted in Maryland found that, holding all other factors constant, drivers living in urban neighborhoods pay 60% to 100% more than drivers living in nearby suburbs due to territorial rating. Lower-income workers are systematically stifled by insurance companies with predatory premiums, as insurance is a requirement for transportation. When they are unable to pay the increased rates, they risk both fines or incarceration but will choose to drive anyway for the sole purpose of employment.

Senate Bill 934 seeks to address this issue by creating a low-cost automobile insurance pilot program for both Prince George's County and Baltimore City Residents. These two territories have the most profound influx of indigent people of color in Maryland and, as such, this legislation would allow them access to reasonably priced insurance. The program invites all ages with a household income under \$37,500 who are 19 years of age and older to participate for 12 months granted they do not already contain heavy pre-existing traffic violations. JOTF sees this as a huge step in the right direction to ensuring equitable

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insurance access to the most economically vulnerable citizens in the state. For these reasons, we urge a favorable report.