



HB 125 - Motor Vehicle Insurance-Discrimination in Underwriting and Rating-Use of Gender
House Economic Matters Committee
January 20, 2022
SUPPORT

Chairman Wilson, Vice-Chair, and members of the committee, thank you for the opportunity to support House Bill 125. This policy limits insurance companies' ability to adjust auto insurance rates based on the gender of the insured or applicant.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

Under current law, auto insurance companies are permitted to use factors unrelated to a person's driving record in determining rates. As a result, major insurance companies in Maryland currently increase rates based on gender, homeownership status, marital status, employment and occupation, education level, and other unrelated factors to a person's driving record.

In 2018, MCRC's report Taking the Low Road documented the use of sex and marital status as a rate factor to set auto insurance rates¹. The study findings include:

- Progressive increased its rate by 39% – or \$458 annually when the model driver was a woman;
- Farmers Insurance increased its rate by 29% – or \$500 annually when the model driver was a woman; and
- A single woman's rates increase, on average across companies, by 24% compared to a 0.8% for single men when the model driver's marital status changed.

HB 125 reduces discriminatory practices in establishing rates and promotes access to transportation by prohibiting insurance companies from using gender to establish rates.

For these reasons, we encourage a favorable report on HB 125.

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