



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB 125

**Motor Vehicle Insurance - Discrimination in Underwriting and Rating - Use of Gender
Statement in SUPPORT**

Chair Wilson, Vice Chair Crosby and Members of the Economic Matters Committee, thank you for the opportunity to share testimony in support of House Bill 125, which will help lower costs of auto insurance for many Marylanders who are currently experiencing discrimination purely on the basis of their gender.

HB125 will prohibit all private passenger motor vehicle insurers from refusing to underwrite, cancel, refuse to renew, rate a risk or increase the renewal premium of a motor vehicle insurance policy based on the gender of the insured or applicant.

The idea for this bill came from a colleague in another part of the state who, after many years of being insured by the same auto insurer and had experienced no incidents, signed onto her online account and realized that they had misgendered her. Not thinking much of it, she changed the gender on her insurance to properly note that she is female, and immediately her premiums went up by several hundred dollars. She was the same person, with the same insurance, and with no other changes other than her gender. Nothing about her actuarial risk changed to reflect the need to increase her premiums, yet they still did.

Currently in Maryland, around 14.1% of drivers are driving without insurance, and their costs are passed on to consumers through higher premiums.¹ While the incredibly high costs of insurance impact nearly everyone here in our state, some drivers carry a further burden. The Maryland Insurance Administration (MIA) allows auto insurance companies to use factors that are unrelated to actuarial risk to profile drivers and rate their risk and premiums according to what they deem is proprietary information. They are allowed to use credit score, occupation, education, housing status, gender and marital status to underwrite a plan.² It's unclear what these have to do with an individual's ability to drive without incident, however what IS clear is that

¹ Insurance Information Institute, Facts and Statistics: Uninsured Motorists:
<https://www.iii.org/fact-statistic/facts-statistics-uninsured-motorists>

² Maryland Insurance Administration, A Consumer Guide to Auto Insurance:
<https://insurance.maryland.gov/Consumer/Documents/publications/autoinsuranceguide.pdf>

lower income, drivers of color, and women are disproportionately negatively impacted based on this system.

Many of Maryland's top insurers, most of whom also operate in states that legally ban gender discrimination in auto insurance rating, utilize gender as a primary factor in setting auto insurance premiums. Allowing them to do so disproportionately harms all women, but especially women of color, further deepening the financial inequality that they already face.³

In your bill file, you will find a report provided by the Maryland Consumers Rights Coalition that analyzed recent data acquired by the Consumer Federation of America from Quadrant Information Services LLC that includes auto insurance premiums in every Maryland zip code from 10 of the largest insurance carriers in the state, representing 90% of the market. The premiums reflect the state's mandatory coverage for a driver with a perfect driving history – no accidents, tickets, or claims on their record. Consistently, the findings of this report show that women are paying higher rates for auto insurance all across Maryland. All but two of the carriers studied used data as a primary factor in assessing rate, and the price difference between genders of the model driver with a perfect driving record varied from \$8 - \$154 annually, with Progressive holding the most egregious difference.⁴ Notably in the two that do not utilize gender as a factor, the price difference was \$0. Looking at the cost of premiums across jurisdictions, the report shows that women in Baltimore City are experiencing the worst rate discrimination and model female drivers there are paying \$67.71 more than their male peers.⁵

Auto insurers will claim that women pay more because their actuarial models show that we need to. According to them, we are riskier drivers than our male peers. However, the inconsistent use of gender as a primary rating tool across all of the insurers in Maryland shows that it is not, in fact, predictive of risk. Furthermore, our transgender neighbors in Maryland are also experiencing the same discrimination. A trans woman who contacts her insurer with her preferred gender identity and name change should not be penalized when nothing about her actuarial risk as a driver has changed other than her gender. Last, most of the companies that were reviewed in this report operate in other states, including in six states where the use of gender in rating is banned – California, Hawaii, Massachusetts, Michigan, North Carolina and

³ Center for American Progress, Women of Color and the Wage Gap:
<https://www.americanprogress.org/article/women-of-color-and-the-wage-gap/>

⁴ Maryland Consumer Rights Coalition, Taking the Low Road:
<https://static1.squarespace.com/static/5b05bed59772ae16550f90de/t/5cd32d208c440400013df9ba/1557343521887/MCRC+Auto+Insurance+Gender+Discrimination+Research.pdf>

⁵ Maryland Consumer Rights Coalition, Gender Discrimination in Maryland's Auto Insurance Pricing:
<https://static1.squarespace.com/static/5b05bed59772ae16550f90de/t/61e6e0f23d4fa34e2a741826/1642520819114/MCRC.2022.Report.GenderDiscriminationAutoInsurance%282%29.pdf>

Pennsylvania. This prohibition has not adversely impacted the market in those states, nor has it resulted in an inability to operate.

I respectfully request a favorable report on HB125. Thank you.