

STATE FARM INSURANCE COMPANIES
OPPOSITION TO HB 125 (MOTOR VEHICLE INSURANCE – DISCRIMINATION IN UNDERWRITING
AND RATING – USE OF GENDER)

HB 125 would prohibit the use of gender as a factor in automobile insurance rating. State Farm opposes HB 125 because gender is a predictive factor in the establishment of rates that match price to risk. Current law prohibits insurers from using any rating factor that unfairly discriminates between insureds having like risk characteristics and gives the Maryland Insurance Administration the responsibility to review insurers' rates to ensure that they do not violate this fundamental principle.

Although the proponents of this legislation claim that the bill will lower rates for female drivers, the impact of the bill for State Farm's insureds is exactly the opposite. Passage of this bill would increase rates for younger women and decrease rates for younger men who have a higher loss experience. Different insurers may use gender in different ways in the highly competitive auto insurance market in Maryland, so a consumer can shop around to find the best rate.

For more information, please contact Marta Harting (mdharting@venable.com).