



Testimony of Montgomery County Young Democrats to the House Economic Matters Committee in Support of HB 125—Motor Vehicle Insurance—Discrimination in Underwriting and Rating—Use of Gender

Chair Wilson, Vice Chair Crosby,

The Montgomery County Young Democrats (MCYD) strongly support [HB 125](#), sponsored by Delegate Emily Shetty, which would ban the use of gender as a rating factor in private passenger auto insurance. This bill would reduce unfair discrimination in auto insurance markets and lower premiums for consumers. Your auto insurance premium should be based on your driving record, not your gender.

Maryland, along with 48 other states, requires all drivers to purchase auto insurance. As a result, the Legislature has a special responsibility to make sure this mandatory purchase is affordable for consumers and that the market is fair. But auto insurance companies currently use a number of non-driving factors—including someone’s credit score, education level, job, and gender—to overcharge drivers and discrimination on the basis of income.

A number of Maryland auto insurers charge women and men different premium prices. Recently the Consumer Federation of America (CFA) acquired data on auto insurance premiums charged by the ten largest insurers for every ZIP code in Maryland. Their analysis found that on average statewide, men pay an annual premium of \$1,099, but women pay an average annual premium of \$1,124. They also uncovered that eight of the largest insurers charge women higher premiums, with women paying on average \$57 more than men. This means many women get charged more for driving simply because of their gender, even if they have the same driving history as men.

The auto insurers charging women more include Allstate, GEICO, Progressive, and Nationwide. A few insurers—Erie, State Auto, and Travelers—charge men more. This sexism and discrimination in these markets is unacceptable, and the Legislature should pass HB 125, which will stop this practice.

Companies argue that considering the gender of policyholders is a useful way to assess drivers' risk and establish their premiums. But there is little proof that gender is closely related to risk, since insurers that use this factor use it to different extents and in different ways. This evidence completely undermines claims that gender is a consistent rating factor and its being banned will harm consumers. Instead, banning the use of gender in auto insurance will help consumers by reducing overcharging and ensuring that premiums are more closely linked to risk, and therefore more accurate. Finally, six states—California, Hawaii, Massachusetts, Michigan, North Carolina, and Pennsylvania—already prohibit gender discrimination in auto insurance, and auto insurers operate there without any problems. The sky will not fall if insurers can't use gender to discriminate against drivers.

MCYD thanks Delegate Shetty for her work on HB 125, and urges the Economic Matters Committee to support this bill. Please contact us at mocoyoungdems@gmail.com or michaeldelong94@gmail.com if you have any questions.

Sincerely,

The Montgomery County Young Democrats