

HB0436, Motor Vehicle Insurance - Use of Credit History Rating Policy  
Testimony in **Support**

To: Chair Wilson and members of the Economic Matters Committee  
From: Arielle Juberg, Baltimore MD 21234

My name is Arielle Juberg. I am a resident of Baltimore County in District 8. I belong to Showing Up for Racial Justice (SURJ) in Baltimore. SURJ is a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City, Baltimore County, and Howard County. We are working in collaboration with Out for Justice and Job Opportunities Task Force. I am testifying in **support** of HB0436, Motor Vehicle Insurance - Use of Credit History Rating Policy.

HB0436 would prohibit insurance companies from using an applicant's credit history to decide how much to charge them for insurance. HB0436 matters to me because of how insurance premium calculations impact Marylanders of lower incomes.

Current Maryland law allows insurance companies to examine a person's credit history--how long a person has had credit, how often they seek credit, what types of credit they have, how often and how timely they pay, and how many credit accounts they have. Along with other variables, like age, gender, zip code and type of vehicle, insurance companies use this credit history to set rates for automobile insurance. The law allows the insurance companies to offer discounts of up to 40% or to increase rates by up to 40%, depending on credit history.

What does the number of credit cards or loans a person has reveal about their driving ability and safety? Not much; however, it does reveal a lot about their financial situation.

What this means is that those with the lowest incomes tend to pay the highest insurance rates when all other factors are kept the same. A person with low income has more need for credit. Higher insurance premiums make owning and driving a car more difficult. Low wage workers need more--not fewer--transportation options. The current policy reinforces the cycle of poverty by making it harder for those with limited means to afford transportation to access more and better job opportunities. Moreover, given the relationship between race and income in Maryland, this also means that black and brown folks pay the highest insurance rates. The Baltimore-Towson metropolitan region was found to have the highest racial disparity in auto insurance premiums in the nation, with average premiums in predominantly [African-American zip codes being nearly double, or 94% higher than, the average premiums in predominantly white communities](#) within the region.

Some states have already determined that credit history should not be a factor that affects auto insurance rates. California, Hawaii and Massachusetts currently outlaw consideration of credit history. Maryland, along with a handful of other states, limits the use of credit history by insurance companies. Current law allows insurance companies to use only credit history from the past 5 years. *Yet this limit could, and should, go farther.* Maryland should join its fellow progressive states and ban credit history from use in insurance premium decisions altogether.

It is for these reasons that I am encouraging you to vote in **support** of HB0436. Thank you for your time, service, and consideration.