MARYLANDERS AGAINST POVERTY

Member Agencies:

211 Maryland

Advocates for Children and Youth

Baltimore Jewish Council

Behavioral Health System Baltimore

CASH Campaign of Maryland

Catholic Charities

Energy Advocates

Episcopal Diocese of Maryland

Family League of Baltimore

Fuel Fund of Maryland

Health Care for the Homeless

Homeless Persons Representation Project

Job Opportunities Task Force

Laurel Advocacy & Referral Services, Inc.

League of Women Voters of Maryland

Loyola University Maryland

Maryland Catholic Conference

Maryland Center on Economic Policy

Maryland Community Action Partnership

Maryland Family Network

Maryland Hunger Solutions

Mental Health Association of Maryland

Paul's Place

Public Justice Center

St. Vincent de Paul of Baltimore

Welfare Advocates

Marylanders Against Poverty

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TESTIMONY IN SUPPORT OF HB 436

Motor Vehicle Insurance – Use of Credit History Rating Policy

House Economic Matters Committee
February 17, 2022

Submitted by Julia Gross and Kali Schumitz, Co-Chairs

Marylanders Against Poverty (MAP) supports HB 436, which prohibits a motor vehicle insurer from rating a risk and adjusting auto insurance rates based on a driver's credit history.

Lack of affordable auto insurance is a significant barrier to obtaining employment in Maryland. Nationally, Maryland ranks 2nd behind New York in the longest commute to work, as Marylanders spend an average of 33.7 minutes commuting to their job.[1] Workers in Maryland need a car to access employment opportunities and to support their families. Particularly in the pandemic, many low-income Marylanders are supplementing their household income in the "gig economy" by using their vehicle to deliver food and drive for app-based rideshares. Moreover, the higher paid jobs in low-wage professions – like managers of retail and food establishments – require their staff to have valid driver's license for employment. Unfortunately, the high cost of car insurance often makes reliable transportation too expensive for low-income families, and is a leading reason why some Maryland drivers don't have even the minimum liability insurance state law requires.

Currently, 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 increase rates based on gender, homeownership status, employment and occupation, education level, and credit score. In fact, companies can issue a surcharge for as much as 40% for a person who has a low credit score. Further, poor credit has a bigger impact on your premium than a DWI conviction for Maryland drivers.[2] Such policies disproportionately harms low-income workers – especially women and drivers of color who historically have less access to credit - who have faced a financial hardship, and ultimately creates further economic disenfranchisement.

HB 436 promotes access to transportation for low-income drivers by prohibiting insurance companies from using credit history to establish rates. Hawaii, California, and Massachusetts restrict the use of credit in auto insurance rate setting and we believe Maryland should as well. By amending what factors are allowed to be considered in calculating auto insurance rates, HB 436 will simultaneously increase safety standards as more Marylanders will be insured, while eliminating barriers to employment and economic stability for low-income Marylanders.

MAP appreciates your consideration, and strongly urges a favorable report on HB 436.

Marylanders Against Poverty (MAP) is a coalition of service providers, faith communities, and advocacy organizations advancing statewide public policies and programs necessary to alleviate the burdens faced by Marylanders living in or near poverty, and to address the underlying systemic causes of poverty.

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[1] US Census. American Community Survey. 2019 ACS 1-year estimates. Commuting Characteristics. https://data.census.gov/cedsci/table?q=S0801&g=0400000US24&tid=ACSST1Y2019.S0801&hidePreview=true
[2] https://www.consumerreports.org/cro/car-insurance/credit-scores-affect-auto-insurance-rates/index.htm