

Dear House Economic Matters Committee,

I am a resident of District 21 and a member of Showing Up for Racial Justice Annapolis and Anne Arundel County. **I am testifying in support of House Bill 436.**

This bill would prohibit insurance companies from using an applicant's credit history to decide how much to charge them for insurance.

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 safety? Not much; however, it does reveal a lot about their financial situation.

What this means is that those folks 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 private car more difficult. Low wage workers need more--not fewer--transportation options. This reinforces the cycle of poverty by making it harder for those who don't have much to pay for the transportation they need 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. It's no wonder that 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.

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 not allow economic variables like credit rating to factor into insurance premiums. That discriminates against the poor and working class and its impact is disproportionately on people of color. This practice should be banned.

It is for these reasons that I am encouraging you to vote **in support of House Bill 436.**

Thank you for your time, service, and consideration.

Sincerely,

Linda Girdner

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