



Advocating better skills, jobs, and incomes

TESTIMONY IN SUPPORT OF HOUSE BILL 125:

Motor Vehicle Insurance - Discrimination in Underwriting and Rating - Use of Gender

TO: Hon. C.T. Wilson, Chair, and Members of the House Economic Matters Committee

FROM: Christopher Dews, Senior Policy Advocate

DATE: January 20, 2022

The Job Opportunities Task Force (JOTF) is an independent, nonprofit organization that develops and advocates policies and programs to increase the skills, job opportunities, and incomes of low-skill, low-wage workers and job seekers in Maryland. JOTF supports House Bill 125 as a means to reduce discriminatory practices by insurers that result in disproportionately high auto insurance premiums and denials of coverage for individuals who reside in lower-income areas of the state.

Mobility is key in Maryland's regional economy. The Census Bureau reported that more than 50% of Marylanders travel outside of their county for employment. This statistic is more pronounced for lower-income communities of color where there is a scarcity of jobs available by public transit. In fact, [only 9% of jobs in the Baltimore region can be reached within one hour, one-way by public transit](#). Thus for economic sustainability, both a vehicle and affordable auto insurance are necessary.

Maryland law mandates that drivers have auto insurance when operating their vehicles. Specifically, [Maryland Code Ann., Transportation §17-707](#) states that driving without auto insurance in Maryland is a crime punishable by up to (1) one year in jail, a \$1000 fine, or both for the first offense. Yet, the [Insurance Resource Council announced that 14.1% of Maryland's 4.3 million drivers, drive uninsured](#). This means that every day, over 600,000 Marylanders risk incarceration due to the lack of affordable insurance. This is due to current Maryland laws that permit insurers to determine eligibility for coverage and insurance premiums on the basis of education, credit history, occupation, zip code, and gender- none of which have any relation to an individual's driving ability.

The use of non-driving related factors, like gender, is troubling to advocates as this practice allows insurers to not only predict the likelihood of an accident but to predict the likelihood that a policyholder may file a claim for damages in the future.¹ Predicting the likelihood that a consumer *may file a claim* economically discriminates against women, low-income drivers, and drivers of color and does not keep our roads safer.

¹ [Auto Insurance Guide](#),

<http://insurance.maryland.gov/Consumer/Documents/publications/autoinsuranceguide.pdf>

<https://mva.maryland.gov/vehicles/Pages/insurance-uninsured.aspx>

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Many of Maryland's top insurers use gender as a primary factor in setting auto insurance premiums. Of the top ten insurance companies, eight use gender as a rate factor which is driving up costs for women across the state. This "pink tax" for auto insurance is an additional cost women shoulder while only earning an average of 86 cents to every dollar earned by men in Maryland. Allowing insurers to increase rates based on the gender of a driver disproportionately harms women, particularly women of color, exacerbating the financial inequality women already face.

Auto insurers argue that considering the gender of policyholders is a useful way to assess driving risk and establish their premiums. However, there is little proof that gender is an actuarially sound factor. For one, not all Maryland insurance companies use this factor. Inconsistent usage casts doubt on the predictive ability of this factor.

HB0125 would eliminate the use of gender in auto insurance underwriting ensuring that companies operating in the state of Maryland cannot financially discriminate based on a premium holder's gender. JOTF supports gender equity and fair pricing in auto insurance for all Marylanders primarily for the purpose of securing employment. For these reasons, we respectfully urge the committee to issue a favorable report.

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