



Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
Laurel, MD 20707

Testimony to the House Economic Matter Committee
HB 1001 – Baltimore City – Workforce Development – Auto Insurance Subsidies
Position: Favorable

The Honorable C. T. Wilson
Economic Matters Committee
251 Lowe House Office Building
Annapolis, MD 21401
cc: Members, Economic Matters Committee

March 9, 2023

Dear Chairman Wilson and Committee Members,

I'm a consumer advocate and Executive Director of Consumer Auto, a non-profit group that works for safety, transparency, and fair treatment for Maryland drivers and car buyers.

We support **HB 1001** because it will give graduates of vocational training programs in Baltimore critical relief from the high cost of car insurance.

As we have discussed previously in this committee, for many low- and middle-income Marylanders the high cost of car insurance is a serious barrier to affording the personal transportation they need to access job and educational opportunities. That problem is particularly acute in Baltimore, where some of the nation's highest car insurance rates couple with high poverty rates to make affordability a huge challenge for many residents. At the same time, the movement of many of the region's jobs to suburban areas (along with the city's flawed public transit system) makes it difficult and time-consuming for many city residents to access jobs without a car.

Research from the Consumer Federation of America (CFA) has documented the very high cost of car insurance in some of Baltimore's low-income neighborhoods. In 2021, CFA found, for instance, that drivers in the Greater Mondawmin area were paying an average of \$2,424/year for auto insurance while those in Pimlico paid more than 2,300/year.¹ And given the way risk factors the state allows insurers to use to set rates add to their costs, it's not unusual for city residents to have to pay more than \$3,000/year for legally-required insurance.

For recent graduates of vocational training programs starting their working careers and trying to get a foothold on the job ladder, such rates of course can be very burdensome. But many would struggle to be able to reach job sites without a car and all of them would face penalties of up to one year in jail and a \$1,000 if they drive uninsured.

The \$150/month insurance subsidies **HB 1001** will mandate will make it dramatically more affordable for graduates of vocational training programs working to build better lives to pay for the transportation they need.

We support HB 1001 and ask you to give it a FAVORABLE report.

Sincerely,
Franz Schneiderman
Consumer Auto

¹.<https://static1.squarespace.com/static/5b05bed59772ae16550f90de/t/603d482c9e1e6b26c0d61423/1614628908438/Policy+Brief-How+Zip+Codes+Impact+Maryland+Auto+Insurance+Premiums+.docx+%283%29.pdf>