



## Consumer Federation of America

### Testimony of Consumer Federation of America to Maryland House Economic Matters Committee in Support of HB 1001—Baltimore City—Workforce Development Automobile Insurance Subsidy Program

March 9<sup>th</sup>, 2023

Chair Wilson, Vice Chair Crosby, members of the House Economic Matters Committee:

The Consumer Federation of America (CFA) submits this testimony in support of HB 1001—Baltimore City—Workforce Development Automobile Insurance Subsidy Program. Sponsored by Delegate Bridges, this bill will increase transit access for Baltimore City vocational graduates by giving them subsidies for auto insurance. While it is a stop-gap measure and consumers need systemic solutions in order to reduce auto insurance costs, HB 1001 will help some Baltimore consumers afford auto insurance. CFA urges the House Economic Matters Committee to favorably report this bill.

Maryland, along with nearly every other state, requires drivers to purchase and maintain auto insurance. Section [§17-707](#) of Maryland’s transportation code states that driving without insurance is a crime punishable by up to one year in jail, a \$1,000 fine, or both—and that is just for the first offense. Despite these punishments, the Insurance Research Council estimates that 14.1% of Maryland’s 4.3 million drivers drive without insurance.<sup>1</sup> This means that every day over 600,000 Marylanders risk incarceration, and many of these uninsured drivers live in Baltimore.

Our research shows that Baltimore’s auto insurance prices are among the highest of any metropolitan region in the United States. In recent research we conducted with our partner organization Economic Action Maryland, we found that the average cost of a minimum limits auto insurance premium for a driver with a perfect driving record is \$1,892 in Baltimore City. Furthermore, some Baltimore City drivers pay more than \$2,400 depending on their ZIP code.<sup>2</sup> And in 2017 the Federal Insurance Office (FIO) conducted a study and found that over 339,000 Baltimore residents lived in ZIP codes where auto insurance was deemed unaffordable.<sup>3</sup>

Most Marylanders require a car to meet the demands of work, family, and school, and in Baltimore many jobs cannot efficiently be reached via public transit. Therefore consumers need a vehicle and affordable auto insurance in order to take advantage of job opportunities.

---

<sup>1</sup> “One in Eight Drivers Uninsured: \$13 Billion Spent to Protect Against Uninsured and Underinsured Drivers.” Insurance Research Council. March 22, 2021. Available at <https://www.insurance-research.org/sites/default/files/downloads/UM%20NR%20032221.pdf>.

<sup>2</sup> “How Zip Codes Affect Auto Insurance Premiums in Maryland.” Consumer Federation of America and Maryland Consumer Rights Coalition. March 2021. Available at <https://static1.squarespace.com/static/5b05bed59772ae16550f90de/t/603d482c9e1e6b26c0d61423/1614628908438/Policy+Brief-How+Zip+Codes+Impact+Maryland+Auto+Insurance+Premiums+.docx+%283%29.pdf>.

<sup>3</sup> “Study on the Affordability of Personal Auto Insurance.” Federal Insurance Office, Department of the Treasury. January 2017. Available at [https://home.treasury.gov/system/files/311/FINAL%20Auto%20Affordability%20Study\\_web.pdf](https://home.treasury.gov/system/files/311/FINAL%20Auto%20Affordability%20Study_web.pdf).

Every year approximately 2,700 people graduate from Baltimore City's Workforce Development Programs. The program certifies its participants in a variety of different skills including construction, technology, healthcare, logistics, and business services so they can effectively transition into their chosen professions. However, graduates often struggle to pay extremely expensive auto insurance premiums, which limits their ability to legally drive and to access jobs. The situation harms the graduates, the Workforce Development Programs that trained them, and the businesses that offer the graduates positions.

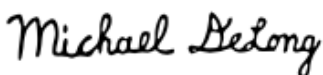
HB 1001 is a targeted bill that would address this problem by giving an auto insurance subsidy to graduates of these Workforce Development Programs in Baltimore City. If someone graduates from these programs, they will qualify for a \$150 monthly reduction in auto insurance costs for their first-year of post-graduation work. This appropriation is a pilot program that will last for five years, giving the Maryland Legislature a chance to study its impact on Baltimore's workforce.

This bill is not a systemic reform and consumers need more systematic reforms to lower auto insurance costs, including a ban on the use of socio-economic factors in auto insurance pricing and the establishment of a low-cost auto insurance program. Nonetheless, this measure will help to insure a group residents whose primary barrier to increased financial opportunity is the cost of the insurance coverage they need in order to get to the job they have earned.

Consumer Federation of America sees this bill as a step in the right direction toward making auto insurance affordable for consumers. We urge a favorable report on HB 1001.

Please contact us at [mdelong@consumerfed.org](mailto:mdelong@consumerfed.org) with any questions.

Sincerely,

A handwritten signature in black ink that reads "Michael DeLong". The signature is written in a cursive, slightly slanted style.

Michael DeLong  
Research and Advocacy Associate  
Consumer Federation of America