



## TESTIMONY IN SUPPORT OF HB 221

### Motor Vehicle Insurance Use of Credit History Rating Policy

House Economic Matters Committee

February 11, 2021

Submitted by Stacey Jefferson and Julia Gross, Co-Chairs

#### Member Agencies:

Advocates for Children and Youth  
Baltimore Jewish Council  
Behavioral Health System Baltimore  
CASH Campaign of Maryland  
Catholic Charities  
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  
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Loyola University Maryland  
Maryland Catholic Conference  
Maryland Center on Economic Policy  
Maryland Community Action  
Partnership  
Maryland Family Network  
Maryland Hunger Solutions  
Paul's Place  
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#### Marylanders Against Poverty

Stacey Jefferson, Co-Chair  
P: 410-637-1900 ext 8578  
C: 443-813-9231

E: [stacey.jefferson@bhsbaltimore.org](mailto:stacey.jefferson@bhsbaltimore.org)

Julia Gross, Co-Chair  
P: 410-528-0021x6029

E: [jgross@mdhungersolutions.org](mailto:jgross@mdhungersolutions.org)

**Marylanders Against Poverty (MAP) strongly supports HB 221**, which limits insurance companies' ability to adjust 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 32 minutes driving to their job<sup>1</sup>. Workers in Maryland need a car to access employment opportunities, and to support their families. 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, marital 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<sup>2</sup>. Such policies disproportionately harm drivers who face financial hardship.

**HB 221 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 221 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 urges the committee to issue a favorable report for HB 221.**

*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.*

<sup>1</sup> US Census. American Community Survey – 2016.

[https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS\\_16\\_5YR\\_S0802&prodType=table](https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_5YR_S0802&prodType=table)

<sup>2</sup> <https://www.consumerreports.org/cro/car-insurance/credit-scores-affect-auto-insurance-rates/index.htm>