



**TESTIMONY FOR HB1251
MOTOR VEHICLE INSURANCE – RATE FILINGS – DISCRIMINATION, TRADE SECRETS, AND
STATES OF EMERGENCY**

Bill Sponsor: Delegate Washington

Committee: Economic Matters

Organization Submitting: Maryland Legislative Coalition

Person Submitting: Cecilia Plante, co-chair

Position: FAVORABLE

I am submitting this testimony in favor of HB1251 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists, and our Coalition supports well over 30,000 members.

Our members are shocked at the ways that insurance companies discriminate and prey on those who can least afford insurance. Currently, Maryland auto insurance companies use zip codes as a way to determine auto insurance rates. They are used as a proxy for race and class. A 2015 study by Consumer Federation of America reveals that, "Average premiums in predominantly African American zip codes in the Baltimore/Towson, MD CBSA [Core-based Statistical Area] were nearly double, or 94 percent higher than the average premiums in its predominantly white communities." The Baltimore-Towson region, in fact, exhibited the most significant premium difference between predominantly African American and predominantly white communities among all CBSAs in the nation.

This bill will reduce the reliance on zip codes in auto insurance and ensure greater equity in auto insurance rates. It requires that insurance companies draw larger boundaries to use for rating, which smooths out zip code differences, and reduces the impact of using zip codes by proscribing that there can only be a 25% variance between zip codes.

This could not be more necessary in Maryland. The Maryland Legislative Coalition supports this bill and we recommend a **FAVORABLE** report in Committee.