

Dear Members of the Senate Finance Committee,

This testimony is being submitted by Showing Up for Racial Justice Baltimore, a group of individuals working to move white folks as part of a multi-racial movement for equity and racial justice in Baltimore City and Baltimore County. We are also working in collaboration with Out for Justice. I am a resident of MD District 43. I am **testifying in opposition to House Bill 221**.



Unlike the original version of this bill House Bill 221 would fail to do anything meaningful to make insurance rates more equitable for those with low-incomes. As amended from the House, the weak provisions in HB 221, hand-written by The National Conference of Insurance Legislators (NCOIL), a firm formed to protect the profits of insurance industry at the expense of consumers, would allow consumers to ask insurance companies to reevaluate their credit score under limited circumstances. It was designed to stall equitable auto insurance reform and consequently, thus it will have no meaningful impact.

Current Maryland law allows insurance companies to examine a person's credit history--how long a person has had credit, how often they seek credit, what types of credit they have, how often and how timely they pay, and how many credit accounts they have. Along with other variables, like age, gender, zip code and type of vehicle, insurance companies use this credit history to set rates for automobile insurance. The law allows the insurance companies to offer discounts of up to 40% or to increase rates by up to 40%, depending on credit history. What does the number of credit cards or loans a person has reveal about their driving safety? Not much; however, it does reveal a lot about their financial situation.

What this means is that those with the lowest incomes, persons tend to pay the highest insurance rates when all other factors are kept the same. A person with low income has more need for credit. Higher insurance premiums make owning and driving a private car more difficult. Low wage workers need more--not fewer--transportation options. This reinforces the cycle of poverty by making it harder for those who don't have much to pay for the transportation they need to access more and better job opportunities. Moreover, given the relationship between race and income in Maryland, this also means that black and brown folks pay the highest insurance rates.

Some states have already determined that credit history should not be a factor that affects auto insurance rates. California, Hawaii and Massachusetts currently outlaw consideration of credit history.

Maryland, along with a handful of other states, limits the use of credit history by insurance companies. Current law allows insurance companies to use only credit history from the past 5 years. Yet this limit could, and should, go farther. Maryland should join its fellow progressive states and ban credit history from use in insurance premium decisions altogether.

It is for these reasons that I am encouraging you to either **1) return the bill to its original stance- or adopt the sponsor's sensible COVID-19 amendment, or 2) vote unfavorably on HB 221 with NCOIL's amendment.**

Thank you for your time, service, and consideration.

Sincerely,  
Jonathan Smeton  
3140 Ellerslie Avenue, Baltimore, MD 21218  
Showing Up for Racial Justice Baltimore