



Testimony to the House Economic Matters Committee
HB57: Motor Vehicle Insurance - Rate Filings - Trade Secrets and Factors Used to Establish Rates
Position: Favorable

January 20, 2022

Delegate C. T. Wilson, Chair
House Economic Matters Committee
Room 231, HOB
Annapolis, Maryland 21401

Cc: Members, House Economic Matters Committee

Honorable Chair Wilson and Members of the Committee:

Transportation is the number barrier to employment for families living in impoverished neighborhoods. Vehicles for Change has been addressing this issue in Maryland for 22 years by awarding more than 7,400 cars to families in need. The recipient pays \$900 for their car and receives a 12-month loan and a 6 month/6,000 mile warranty. In most every case the cost of car insurance is more than the cost of the car and in certain areas of the State their car insurance can be as high as \$3,600 for basic coverage.

As a result of car ownership most of the recipients increase their annual salary by 75%, to as much as \$40,000. Even with that increase, the cost of car insurance becomes a barrier to their owning a car. At \$40,000 a family of 4 is literally one major expense from having to make a tough decision... do I feed my children or make my car insurance payment! The burden of State required, unfairly inflated car insurance is causing these families to either attempt to navigate life, as a parent, without a car or to drive illegally, without car insurance. In either case, we are perpetuating generational poverty in our State.

What the bill does

HB0057 would eliminate the use of zip codes in auto insurance premiums and allow consumers to know what their insurance costs are actually based on. The proposed legislation would sharply reduce the cost of auto insurance for lower-income black and brown neighborhoods, which are charged nearly double what white neighborhoods are charged, regardless of their actual driving record.

Delegate, by now you have heard all the facts as to how the use of non-driving factors impact the affordability, of car insurance, for families living in poverty. Yes it is very expensive to be poor and the cost of car insurance is one of the main factors in that high cost.

The net result of systemic racism and social injustice is huge populations of families, mostly of color, living in impoverished neighborhoods. These families are locked in generational poverty very often by lack of transportation. This is not just an urban issue but is even more dramatic in rural Maryland where public transportation is nonexistent. We need to invest more in public transportation and yes that is part

of a solution but one that could take decades (it has been a topic since 1999 when I started VFC). But inflated auto insurance rates are something that can be addressed today (should have been addressed 10 years ago!!). This will impact the ability of hundreds if not thousands of families, stuck in generational poverty, to have hope that they may finally be able to break the cycle! Yes HOPE is the word we hear most often from our recipients. They now have hope that they and their children can finally escape poverty. HOPE is an amazing motivator. You have the opportunity to make HOPE possible for hundreds of thousands of Maryland families. Let's not miss the opportunity again this year.

Vehicles for Change supports fair pricing and the elimination of redlining in auto insurance. We ask that the Committee issue a favorable report on HB0057.

Sincerely,

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