Support SB934/HB660 (Affordable Auto-Insurance for Low Income Workers)

Make Insurance Affordable: Eliminate non-driving factors when setting Auto Insurance Premiums

THE CHALLENGE

- Mobility is key in Maryland’s regional economy. More than 50% of Marylanders travel outside of their county for employment¹.
- Maryland is a mandatory vehicle insurance state. As such, it is effectively illegal to drive in the state without being insured by a licensed auto insurer.
- However, auto insurance is unaffordable for low-income individuals due to the freedom allotted to auto insurance companies to hike up premiums based on non-driving factors such as occupation, education, credit history and zip code.
- These regulations disproportionately impact low-income areas containing high concentrations of people of color. As they can’t afford the exorbitant rates, many poor drivers drive uninsured to make ends meet.
- A study conducted in Maryland found that, holding all other factors constant, drivers living in urban neighborhoods pay 60% to 100% more than drivers living in nearby suburbs.

CURRENT LAW

- Maryland law mandates that drivers purchase at least a basic liability insurance policy that covers accidents caused by the driver. However, even this basic policy, which provides no protections to the driver, is largely unaffordable for low-income individuals.
- Penalties for insurance lapses or driving uninsured include suspension of vehicle registration, hefty fines and even incarceration.
- As stated, auto insurers in Maryland are permitted to use credit scores, zip codes, employment status, and education level to establish a ‘risk assessment’ for a potential driver. The higher the potential driver scores on this impersonal assessment, the higher the insurer is allowed to set the cost of monthly premiums.
- The Maryland Auto Insurance Fund (MAIF) was created to provide insurance for low-income individuals but more than 60% of enrollees who have no traffic offenses were refused coverage because they lack a credit history or driving experience.

THE SOLUTION:

CREATE THE LIFELINE LOW-COST AUTO INSURANCE PROGRAM

- The “Lifeline” Auto-Insurance Pilot Program would implement a low-cost auto insurance program specifically for low-income drivers in Baltimore City and Prince George’s County
- This program would not consider Non-Driving Factors: Zip Code, Income, Education or Credit History when setting rates
- Would cover vehicles for claims of up to $15,000 for one person and $30,000 for two or more people

For more information, contact:
Christopher Dews / Job Opportunities Task Force / Christopher@jotf.org / Cell: 301-412-5399