

# MCRC

The Voice For Maryland Consumers

## MARYLAND CONSUMER RIGHTS COALITION

1209 North Calvert Street Baltimore, MD 21202 410.624.8980 [www.marylandconsumers.org](http://www.marylandconsumers.org)

Media contact: Franz Schneiderman: 410.624.8981

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## **MCRC Research Report Calls for Concrete Reforms to Cut Car Insurance Costs**

**Baltimore, MD:** Maryland needs to launch a low-cost car insurance program and limit the use of unfair rate factors that often make car insurance too expensive for working families to afford, a new policy brief the Maryland Consumer Rights Coalition (MCRC) issued today argues. The report on “Low-Income Drivers and the Need for Affordable Auto Insurance” finds that the high cost of car insurance is a key barrier to economic opportunities for working families -- especially in Baltimore, where drivers often must pay \$2,000 to \$4,000/year for the minimum legally required liability insurance for their cars.

“Families need a car to reach good job opportunities and get the quality goods and services they need,” MCRC Executive Director Marceline White notes. “Price tags of \$2,000 or more for the legal minimum level of insurance simply make cars too expensive for many working families to afford.”

You can read the full report here:

<http://www.marylandconsumers.org/LinkClick.aspx?fileticket=7PB6IzKKhJA%3d&tabid=38>

### **Rate factors hurt working families, city drivers**

Maryland does not allow insurers to use a driver’s race or income to help set auto insurance rates. But it does allow them to use a driver’s location, occupation, level of education, and whether he or she owns or rents a home as rate factors – and those rate factors can be costly for working Marylanders.

MCRC’s research confirms that city drivers and people in working-class jobs who have good driving records often pay more for car insurance than wealthier people with poorer driving records. MCRC’s major findings include:

- One major insurer would charge a city resident with a high school degree \$300 more for basic car insurance than it would charge a person with a college degree.
- The average insurance quote for a city renter was \$185 higher than it would be if the same person owned his or her home.
- A married couple in Baltimore City will pay, on average, more than \$600 more for car insurance (\$3,463) than they would pay in adjacent, and wealthier Baltimore County (\$2,835).
- A single 30-year-old male in Baltimore will pay, on average, more than \$500 more to insure his car in Baltimore City (\$1,751) than he would pay in Montgomery County (\$1,204) and almost \$700 more than he would pay in Anne Arundel County (\$1,073).

- A 29-year-old married couple that rents their home would pay almost \$1,000 more for car insurance in Baltimore City (\$3,335) than in Montgomery County (\$2,357) and more than \$1,200 more than they would pay in Anne Arundel County (\$2,072).

“Penalizing Marylanders with good driving records with higher car insurance rates because of where they live or what job or because they rent their home puts an unfair burden on many working families,” Marceline White argues.

### **California leads the road to reform**

While auto insurance rates have soared across the country and increased by 46.7% in Maryland over the last 25 years, California has used a low-cost statewide basic insurance program and other consumer-friendly reforms to cut the cost of car insurance over the over the last 25 years.

California’s low-cost insurance plan makes basic auto insurance available to thousands of low and middle-income families across the state with good driving records for less than \$350/year. California also requires insurers to focus on an individual’s driving record in setting rates and to get the approval of the state’s elected insurance commissioner before using rate factors.

### **Forum on Affordable Auto Insurance**

- MCRC will present the new paper at a forum co-sponsored by the Job Opportunities Task Force, the Maryland CASH Campaign, and MCRC at **10 A.M. on Tues. Jan. 14 at the Annie E. Casey Foundation, 503 N. Charles St., Baltimore, MD, 21202**. Please RSVP to [Franz@marylandconsumers.org](mailto:Franz@marylandconsumers.org) if you’d like to attend.

You can see all the details about the forum here:

<http://www.marylandconsumers.org/LinkClick.aspx?fileticket=jws1ZrvOF1A%3d&tabid=77>

*The Maryland Consumer Rights Coalition (MCRC) is a statewide advocacy groups that protects and advances the interests of Maryland consumers through research, education, and advocacy. Find MCRC on the web at [www.marylandconsumers.org](http://www.marylandconsumers.org), on Facebook at [facebook.com/mdconsumers](https://www.facebook.com/mdconsumers) and on Twitter at [twitter.com/mdconsumers](https://twitter.com/mdconsumers).*