Factors Affecting Affordability in Maryland

Marceline White, Executive Director

September 16, 2025

www.econaction.org

Too many sticks, not enough carrots

Maryland law requires all drivers to carry car insurance. But what is the role of the state if prices are unaffordable? Social good or private one?

Auto Insurance Law in Maryland

Requirements

- insurance coverage is mandatory
- minimum liability coverage 30/60/15

Penalties

- $200 fine first month, up to $3500 per car
- registration may be suspended, may be fined for driving on suspended license

Auto Insurance Law in Maryland

Penalties, cont.

- failure to respond to MVA, sent to CCU
- CCU can intercept tax return, 17% interest rate
- fine of $1000 or 1 year in prison for false insurance

Incentives

- possible payment plans for fines
- PIP waiver
- FineFix-auto fine amnesty program, pay 20%, 80% fines forgiven

	County	Average Annual Premium
1	**Baltimore City**	$4,879
2	**Baltimore County**	$3,926
3	**Prince George's**	$3,458
4	**Howard**	$3,197
5	**Charles**	$3,114
6	**Cecil**	$2,930 2023 Analysis MIA Sample Rates, Ryan Little Baltimore Banner

Baltimore City

Baltimore City has the highest auto insurance rates in Maryland (Baltimore Banner, 2023)

What is driving the high costs of insurance in Maryland?

Required Minimum Liability

MD highest among surrounding states

State	Limited Liability Policy
Maryland	$30,000/$60,000/$15,000
Delaware	$25,000/$50,000/$10,000
Washington, D.C.	$25,000/$50,000/$10,000
Pennsylvania	$15,000/$30,000/$5000
Virginia	$25,000/$50,000/$20,000
New Jersey	$15,000/$30,000/$5,000
New York	$25,00/$50,000/$10,000

The Use Non-Driving Factors

The Maryland Insurance Administration allows insurers to use a wide array of factors t*o assist insurers in predicting the likelihood that you will be in an auto accident in the future or* *will file a claim for damages. Cannot discriminate but discrimination is not defined.*

Non-driving factors allowed in Maryland include credit, zip code, gender, education, home ownership, education, and occupation. In effect, have disparate impact.
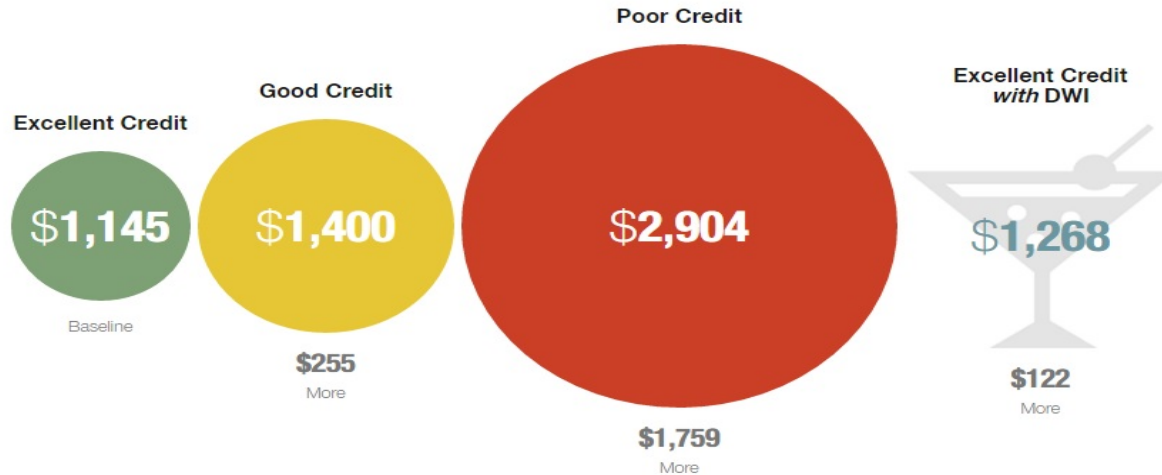
Credit Score

- Used to predict likelihood to file a claim
- **Problem**: Companies cherry pick 30 of 130 elements to create proprietary score
- insurance companies say it's actuarially sound but...

- firms can't explain how credit is predictive of risk
- in MD poor credit score will add @ 40-88% surcharge regardless of their driving record
- CA, MA, HI ban use of credit-still have competitive market
- MD bans credit in home insurance but not car

MARYLAND

Insurance Costs by Credit Score

Rates shown are the average new-customer premium for adult single drivers with a clean driving record and poor, good, or excellent credit. We compare these to the average premium for a driver with excellent credit and a driving while intoxicated (DWI) conviction.

Poor Credit

Good Credit

Excellent Credit

Excellent Credit *with* **DWI**

Excellent Credit
$1,145
Baseline

$1,400

$2,904

$1,268

$255
More

$1,759
More

$122
More

Circle sizes are illustrative only and not to scale.

ECONOMIC ACTION MARYLAND

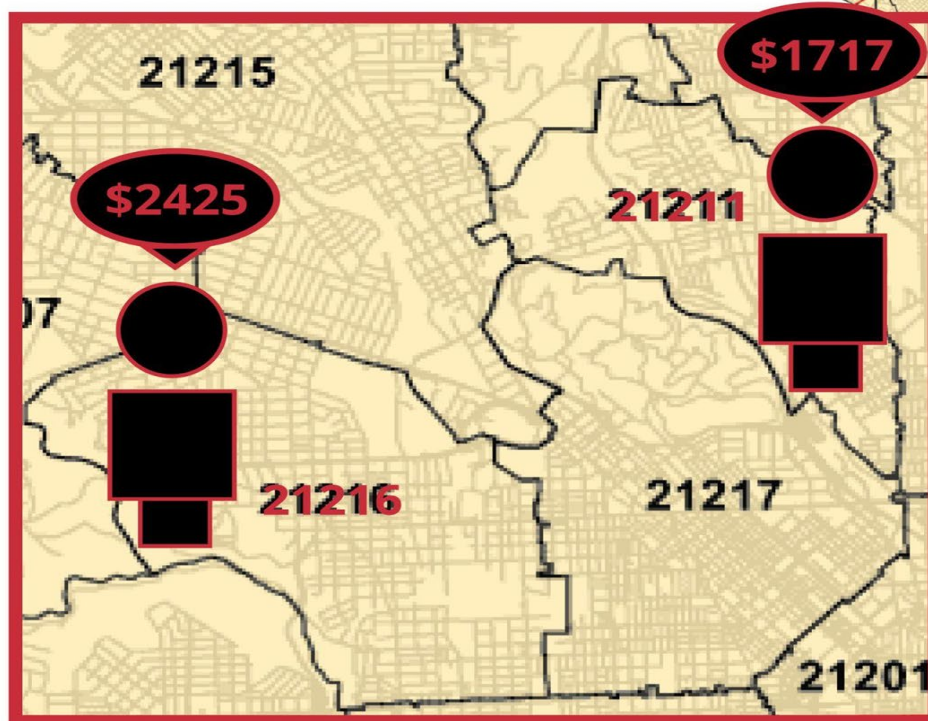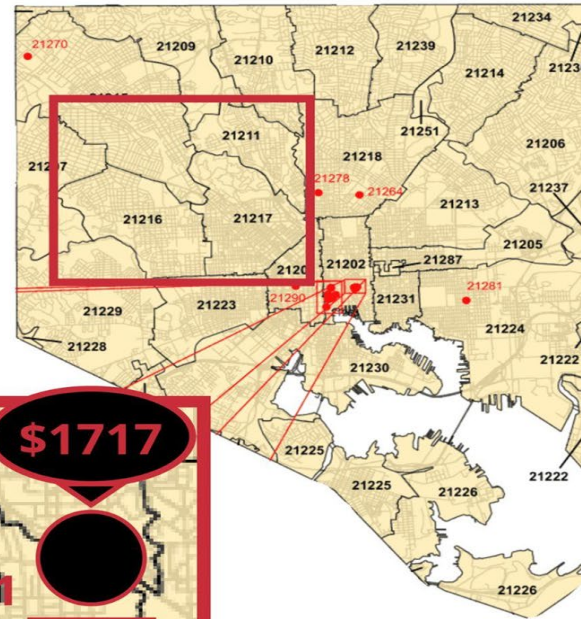www.econaction.org

Use of Zip Code

- Insurers focus on frequency of losses in each zip code-# of claims filed, severity of losses
- Yet results mean drivers in majority Black neighborhoods pay more

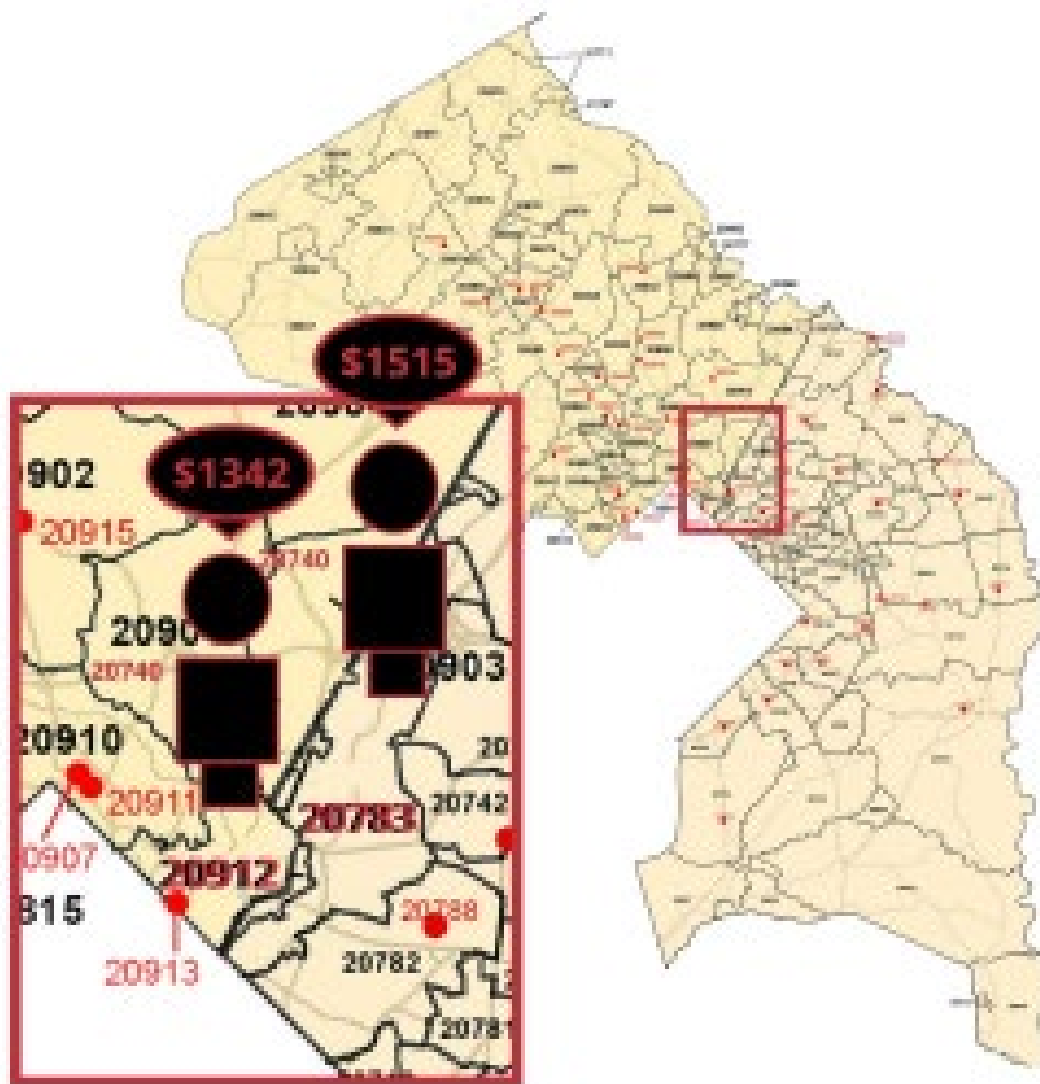- we partnered with CFA who used insurance data from Quadrant, represents 90% of insurance market in MD

African American Population of ZIP Code	Average Annual Auto Insurance Premium	How Many ZIP Codes	Sum of Total Population in ZIP Codes	Percentage of Total Maryland Population in ZIP Codes
<10%	$988	240	1,606,469	26.72%
10-20%	$1,101	78	1,362,334	22.66%
20-30%	$1,149	51	1,078,968	17.95%
30-40%	$1,180	23	348,807	5.80%
40-50%	$1,361	13	322,389	5.36%
50-60%	$1,407	15	266,039	4.43%
60-70%	$1,473	12	257,278	4.28%
70-80%	$1,962	8	329,633	5.48%
80-90%	$1,664	12	409,251	6.81%
>90%	$2,425	1	30,179	0.50%

DC DISB Study on Unintentional Bias

-Study found a Black/white premium gap of $326

-when accounting for age, driving history, claims, gender & other causal factors gap of $271 remained

-

-certain factors correlate with race, wealth

-many factors are cumulative, multiplicative

-develop process for balancing threshold