

**Maryland Drivers Pay More Depending on Where They Live: Drivers with Accidents in Wealthy Neighborhoods Pay Less than Drivers with Perfect Records in Struggling Communities**

**In Maryland, most drivers, even those with a perfect record, pay more than \$500 a year for the legally required minimum liability coverage. For drivers who live in low-income or struggling neighborhoods, or those who have had an accident, many pay far more than \$1000 per year.**

**Why does where you live affect the cost of your auto insurance? Well, in Maryland, the Maryland Insurance Administration (MIA) allows insurance companies to use geographic areas, sex, age, marital status, occupation, education, and credit history to set rates.**



**In addition, Maryland** requires drivers to carry \$30,000 of insurance for bodily injury for one person, \$60,000 for bodily injury for two or more people and \$15,000 of coverage for property damage to another driver or vehicle in an accident. Only four states have higher minimum coverage requirements<sup>1</sup> – and those high coverage levels have helped push up the cost of insurance for Maryland consumers. In fact, Maryland’s average insurance premiums of \$1,013/year are the sixth-highest in the nation. And while Maryland does not allow insurers to determine rates based on race or income, it does allow these companies to take into consideration factors such as a driver’s location, occupation, level of education, and whether or not he or she owns his or her own home. This practice results in a system that condemns working Marylanders based on non-driving related factors.

**In 2014, MCRC reviewed auto insurance rates for drivers throughout Central Maryland. Our analysis** found that a single 30-year-old man in Baltimore City pays, on average, more than \$500 more than he would pay for the same insurance in Montgomery County. A married couple that rents their home in Baltimore would pay, on average, more than \$1,200 more for car insurance than they would pay in Anne Arundel County.

## Where You Live

In this policy brief, MCRC’s reviewed rate quotes from GEICO and Progressive in 35 adjacent zip codes across Central Maryland. Our data shows that many drivers to pay \$150 to almost \$700 more for car insurance in one neighborhood than they would pay in an adjacent neighborhood.

MCRC researched the costs of insurance for our model driver, changing only the address and zip code where she lives. We obtained insurance quotes for her as a driver with no accidents.



### DRIVER PROFILE

PROFILE	30-year-old single woman
CAR	4-door Honda EX
USAGE	Commute to work
YEARLY MILEAGE	9,000-12,000
EDUCATION	High School Grad
OCCUPATION	Secretary/Admin. Assistant
INSURANCE HISTORY	No lapses in coverage

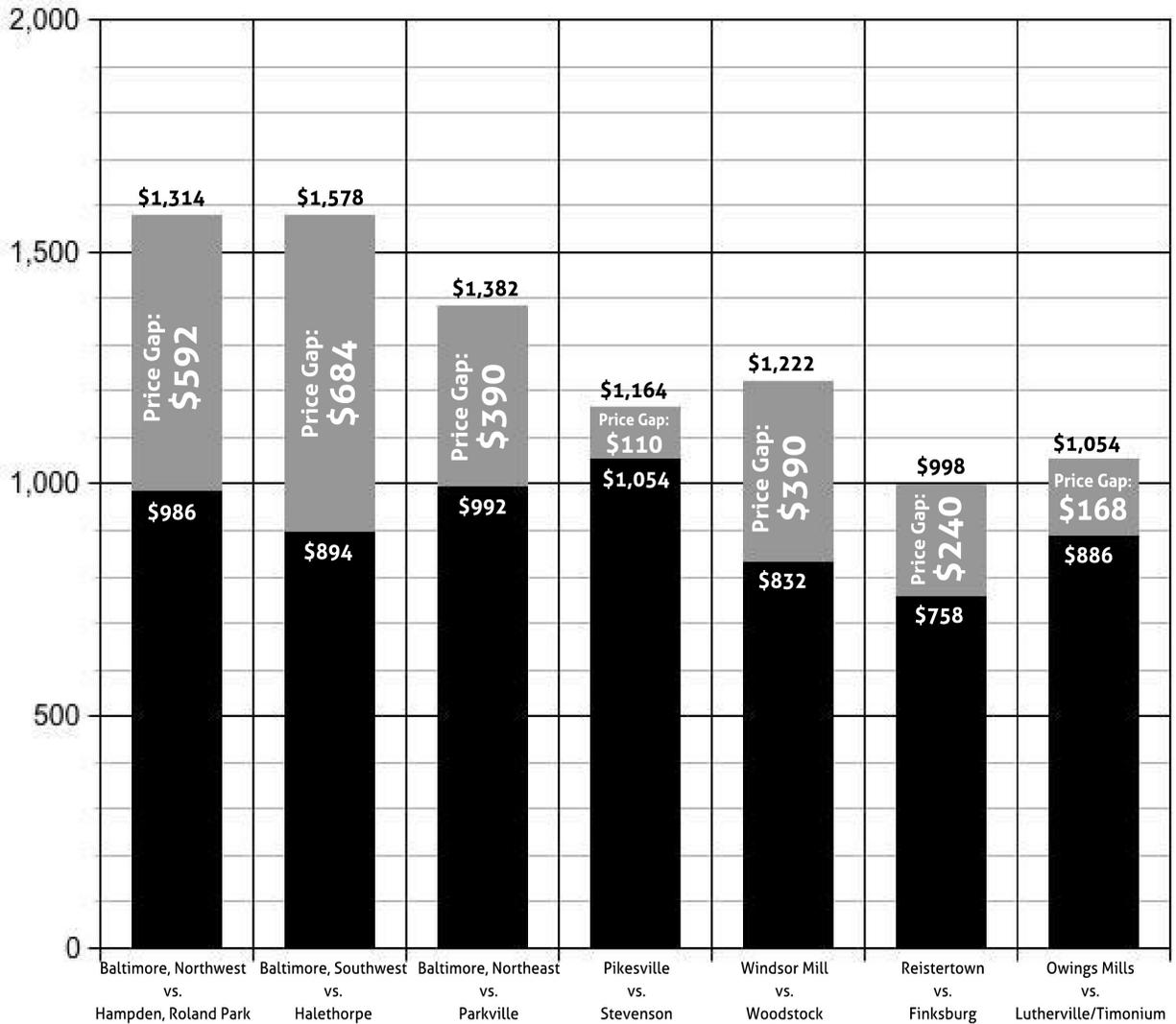
## Consumers in adjacent neighborhoods charged hundreds more for same coverage

**Table 1: Annual Price Gaps for good drivers in adjacent zip codes – Baltimore area**

Zip Code	Area	Annual cost – GEICO	Annual cost -- Progressive
21215	Baltimore City – Northwest	\$1,314	\$1,578
21211	Baltimore City – Hampden, Roland Park	\$763	\$986
	<b>PRICE GAP</b>	<b>\$551</b>	<b>\$592</b>
21223	Baltimore City – Southwest	\$1,314	\$1,578
21227	Baltimore Co. – Haltethorpe	\$640	\$894
	<b>PRICE GAP</b>	<b>\$674</b>	<b>\$684</b>
21206	Baltimore City -- Northeast	\$1,119	\$1382
21234	Baltimore County – Parkville	\$764	\$992
	<b>PRICE GAP</b>	<b>\$355</b>	<b>\$390</b>
21208	Baltimore Co. – Pikesville	\$1,043	\$1,164
21153	Baltimore Co. – Stevenson	\$670	1,054
	<b>PRICE GAP</b>	<b>\$373</b>	<b>\$110</b>

21244	Baltimore Co. – Windsor Mill	\$1,043	\$1,222
21163	Baltimore Co. -- Woodstock	\$626	\$832
	<b>PRICE GAP</b>	<b>\$417</b>	<b>\$390</b>
21136	Baltimore Co. -- Reisterstown	\$871	\$998
21048	Carroll Co. -- Finksburg	\$606	\$758
	<b>PRICE GAP</b>	<b>\$265</b>	<b>\$240</b>
21117	Baltimore Co. – Owings Mills	\$893	\$1,054
21093	Baltimore Co. – Lutherville/Timonium	\$670	\$886
	<b>PRICE GAP</b>	<b>\$223</b>	<b>\$168</b>

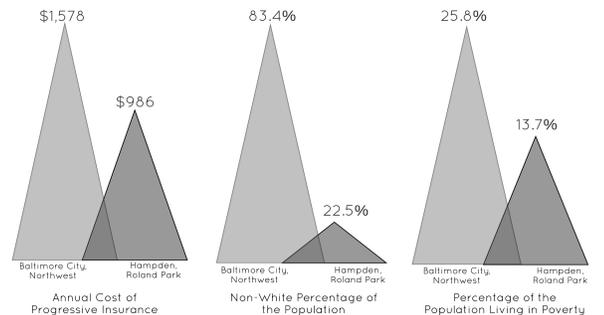
## Annual Price Gaps in Progressive insurance Fees in Adjacent Zip Codes



**As these figures show, there are dramatic differences between adjacent neighborhoods.**

- If our model driver lived in Northwest Baltimore’s low-income Park Heights area she would pay GEICO **\$550 more** than if she lived a few miles away in Roland Park or Hampden.
- Similarly, if our driver lived in Southwest Baltimore she would pay almost **\$700 more** than if she moved to nearby Halethorpe.
- If our driver moved from Parkville in Baltimore County to Northeast Baltimore City, her insurance

Baltimore City, Northwest (21215)  
versus  
Hampden, Roland Park (21211)

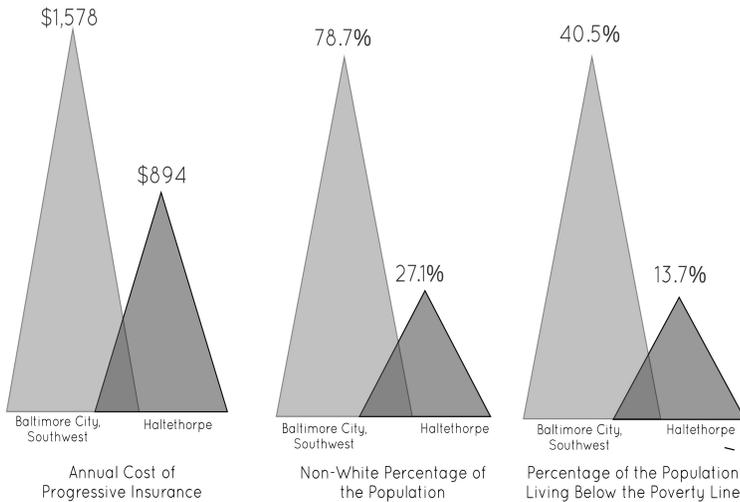


Data taken from U.S. Census (2013)

bills to either GEICO or Progressive would **increase up by almost \$400/year**.

The large rate gaps were not limited to Baltimore City and Baltimore County.

- If our driver lived in Howard County, her insurance would cost **\$400 less** than if she moved five miles into Baltimore County.
- Similarly moving from Finksburg in Carroll County to Reisterstown in Baltimore County, would **increase her insurance by \$300**.



- Even within Baltimore County, **she would pay more than \$300 more** to GEICO for insurance in Pikesville than she'd pay at an address six miles away in Stevenson.

The price gaps our data revealed for adjacent zip codes in Washington area were less dramatic. Yet even in that part of the state moving just a few miles across zip codes separating similar jurisdictions would often cost our model driver more than \$100/year for car insurance (**See Table 2 below**).

**Table 2: Price Gaps for minimum auto insurance, adjacent zip codes, Washington suburbs**

Zip Code	Area	Annual Cost – Geico	Annual Cost -- Progressive
21035	Anne Arundel Co -- Davidsonville	\$713	\$380
21037	Anne Arundel Co. -- Edgewater	\$599	\$373
	<b>PRICE GAP</b>	<b>\$114</b>	<b>\$7</b>
20706	Prince George's Co -- Lanham	\$875	\$924
20769	Prince George's Co – Glenn Dale	\$733	\$826
	<b>PRICE GAP</b>	<b>\$142</b>	<b>\$98</b>
20774	Prince George's Co – Upper Marlboro	\$836	\$840
20721	Prince George's Co. -- Bowie	\$729	\$840

	<b>PRICE GAP</b>	<b>\$107</b>	<b>\$0</b>
20705	Prince George's Co. -- Beltsville	\$796	\$924
20904	Montgomery Co. – Silver Spring	\$697	\$880
	<b>PRICE GAP</b>	<b>\$99</b>	<b>\$44</b>

**As Table 2 shows:**

- If our model driver moved just three miles from an address in Glenn Dale to one in Lanham in Prince George's County, for instance, her insurance bill to GEICO would **go up \$142/year**.
- If she moved from Edgewater to Davidsonville, her insurance bill to Geico would **rise \$114**, from \$599 to \$713.
- On the other hand, if she moved from Beltsville in Prince George's County across the Montgomery County line into the wealthier Silver Spring Area, she'd **save \$99/year** in car insurance costs.

**Where dangerous drivers pay less than safe ones**

The differences in rates between neighborhoods are so large that in many cases a person with a perfect driving record living in a low-income neighborhood will pay much more – in some cases \$300 more for the same insurance -- than a dangerous driver who lives a few blocks away in a wealthier neighborhood.

We used our same model driver but added two at-fault accidents to her record when calculating her insurance in the wealthy neighborhoods. Everything else remained constant except we gave her a perfect driving record in the lower-income neighborhood.

**Our research shows that in each case, drivers who've had accidents but live in wealthier neighborhoods pay less than the driver with a perfect record in a struggling neighborhood.**



- A driver in lower-income Park Heights would pay \$1,314/year for GEICO insurance if she had a perfect driving record. if she lived in prosperous Roland Park and had two at-fault accidents, she would pay \$1099-or **\$215 less per year**.

- If our driver lived in the middle-class Halethorpe area in Baltimore County and had two accidents, she would pay almost **\$380 less per year** to Geico and \$280 less to Progressive than if she lived a few miles away in Southwest Baltimore City with a perfect driving record.
- If our model driver has a perfect driving record in Pikesville, for instance, she'd pay Progressive almost **\$400/year more** for insurance (\$1,538) than if she lived in nearby Stevenson and had two at-fault accidents on her record (\$1,164).
- In Windsor Mill in Baltimore County, she'd pay GEICO **\$124 more each year** with a perfect driving record than she'd pay if she lived just down the road in Woodstock and had two accidents on her record (\$1,043/year vs. \$919/year).

## **Conclusion**

**Today in Maryland, where you live counts for more than how you drive.** Our research found that drivers in struggling communities consistently paid more -despite their driving record-than drives in wealthier communities.

Maryland needs to promote policies to auto insurance more affordable for families living on minimum and moderate incomes. To make auto insurance more affordable, MCRC recommends the following policies:

- Pass legislation prohibiting the use of non-driving related factors in setting auto insurance rates. These factors will include credit score, education, occupation, or marital status.
- Implement a low-cost affordable auto insurance program similar to the one in California which offers a low-cost insurance program for eligible low-income drivers. The plan does not raise premiums on other drivers but has kept premiums under \$350 a year in every California county.