

**CITY OF BALTIMORE  
COUNCIL BILL 08-0088R  
(Resolution)**

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Introduced by: Councilmembers Conaway, Young, Middleton, D'Adamo, Henry, Curran,  
Clarke, Branch, Reisinger, Kraft, Welch  
Introduced and adopted: November 17, 2008

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**A COUNCIL RESOLUTION CONCERNING**

**A Request for State Legislation - Auto Insurance Rates - Fair Rate Calculation**

FOR the purpose of requesting the Honorable Chair and Members of the Baltimore City Senate and House Delegations to the 2009 Session of the Maryland General Assembly to introduce legislation to eliminate disparities in the amount charged for car insurance by removing location as a consideration in calculating the amount charged for auto insurance coverage.

**Recitals**

Residents of Baltimore City are well aware that historically the expense of owning a vehicle in the City far exceeds that of owning a vehicle in the surrounding counties, because rates for auto insurance coverage are 2 to 4 times higher than in the outlying areas. This is one of the reported factors, in addition to a high crime rate and a troubled school system, that contributes to urban flight.

While in Maryland efforts to pass State legislation that would equalize the auto insurance rates statewide have failed, legislatures in other cities and states have addressed the problem with varying degrees of success. In 1988, California voters passed Proposition 103 that, in part, banned premiums based on zip codes, but in 2003 millions of residents of Oakland and San Francisco were still paying higher insurance premiums based simply on the neighborhoods where they lived.

In Michigan, the combined efforts of the House Democratic Caucus and the Michigan Legislative Black Caucus resulted in mass community education and legislative action to end unfair auto and homeowner's insurance rates. After conducting a study that showed that there was a 58% to 103% difference for the exact same coverage based upon consumers' zip codes, legislation was introduced in the House that would institute fairness in the insurance industry.

The Michigan legislation, that would require insurers to give the State Insurance Commissioner explanations for rate increases and disclose the manner in which rates are set before approval is granted, failed to pass before the legislature adjourned. It is expected that the newly inaugurated legislators will re-introduce legislation requiring that classification and territorial rates used by insurers in that state be restricted to specific factors.

The Michigan legislation mandates, in part, that classifications for automobile insurance be based on 1 or more of the following factors, to be applied by an insurer on a uniform basis throughout the state:

**EXPLANATION:** Underlining indicates matter added by amendment.  
~~Strike out~~ indicates matter deleted by amendment.

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- 1 • Either the age of the driver; the length of the driving experience; or the number of  
2 years licensed to operate a motor vehicle.
- 3 • Driver primacy, based on the proportionate use of each vehicle insured under the  
4 policy by individual drivers insured or to be insured.
- 5 • Average miles driven weekly, annually, or both.
- 6 • Type of use, such as business, farm, or pleasure use.
- 7 • Vehicle characteristics, features, and options, such as engine displacement, ability or  
8 vehicle and its equipment to protect passengers from injury and other similar items,  
9 including vehicle make and model.
- 10 • Daily or weekly commuting mileage.
- 11 • Number of cars insured by the insurer or number of licensed operators in the  
12 household. However, number of licensed operators shall not be used as an indirect  
13 measure of marital status.

14 For too long, Baltimore drivers have paid an unfair and exorbitant price for automobile  
15 insurance based solely on our zip codes. Relief from this discriminatory practice is well past  
16 due.

17 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the  
18 Honorable Chair and Members of the Baltimore City Senate and House Delegations to the 2009  
19 Session of the Maryland General Assembly are urged to introduce legislation to eliminate  
20 disparities in the amount charged for car insurance by removing location as a consideration in  
21 calculating the amount charged for auto insurance coverage.

22 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Governor, the  
23 Mayor, the Honorable Chair and Members of the Baltimore City Senate and House Delegations  
24 to the 2009 Maryland General Assembly, the Mayor's Office of Intergovernmental Relations,  
25 and the Mayor's Legislative Liaison to the City Council.