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Peoples-Stokes Proposes Changes to Auto Insurance Underwriting

Will limit auto insurers' ability to use non-driving information to price auto insurance

Buffalo, NY – Assembly Member Crystal Peoples-Stokes proposes legislation that will change the insurance underwriting process to ensure an equitable market place for all drivers. The legislation will prohibit motor vehicle insurers from using any range of socioeconomic factors in determining premiums; which ultimately leads to adverse treatment of low-to moderate-income and minority drivers.

In order to comply with New York State law a person operating a motor vehicle must have limited liability auto insurance. Currently, auto insurers may use any range of factors in determine premiums for the pricing on auto insurance policies. Often times a drivers experience and driving record are not the sole indicators used when determining their auto insurance premiums.

Using socioeconomic and non-driving factors that are not related to a person's ability to operate a motor vehicle safely, forces good drivers to pay substantially more for auto insurance. This inequity leads to an unequal and adverse experience in the auto insurance market place.

"A driver with a clean driving record should not have to pay more for auto insurance due to their socioeconomic status than someone with a bad driving record and a high socioeconomic status." said Assemblywoman Peoples-Stokes. Auto insurers use socioeconomic and non-driving factors when determining premiums. If two drivers have the same driving record and apply for the same auto insurance policy, the driver with a lower socioeconomic status can be quoted a significantly higher insurance

premium. "Working families in New York State should not be subjected to unequal treatment in the auto insurance marketplace".

The Western New York Law Center, among other state and national organizations, have conducted research looking into the impact of socioeconomic factors on auto insurance premiums for New York Drivers. The Western New York Law Center recently conducted a study that examined over 4,600 rate quotes for drivers in Western New York.

Joseph Kelemen, Executive Director of the Western New York Law Center, said "Through our legal aid programs at the Law Center we see the impact of high prices for necessary products and the impact they have on hard working Western New Yorkers bottom line. We view auto insurance reform as a step in creating economic justice in Western New York." We conducted a study that examined over 4,600 quotes and that experience is something we have quantified in our report we shared today. Western New Yorkers are facing higher prices because of their socioeconomic status not because of their driving records.

Thomas Keily, Consumer Data Coordinator at the Western New York Law Center, said "Western New Yorkers rely on their cars every day to get to and from work yet they are not all treated equally in the auto insurance market place. It is time that each driver is evaluated on driving related factors rather than their gender, education, occupation, marital status, and other socioeconomic indicators." A woman with a lower socioeconomic status is charged up to 227% more for limited liability auto insurance than a driver with the same driving record and a high socioeconomic status. When all driving related factors are held constant and socioeconomic indicators change, the fluctuation of pricing ranges from 1.74 to 2.27 times as higher for drivers in a lower socioeconomic status.

Assembly Member Peoples-Stokes' bill will amend Insurance law to prohibit the use of sex, marital status, sexual orientation, age, consumer credit information or credit score, employment status or occupation, income level; and any other characteristic indicating or tending to indicate the socioeconomic status of an individual.

Assemblywoman Crystal D. Peoples-Stokes represents the New York State Assembly's 141st District. The district includes sections of North Buffalo, Allentown, Larkinville, the downtown central business district, and the entire East side of Buffalo. More information on the 141st district and the Assemblywoman can be found at http://assembly.state.ny.us/mem/Crystal-D-Peoples-Stokes.

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