

Testimony of the Consumer Federation of America Before the House Commerce and Consumer Protection Committee in Support of HB 3423—Prohibiting Credit History, Sex or Gender, and Marital Status in Auto Insurance

February 13th, 2025

Oregon House Commerce and Consumer Protection Committee
Oregon Legislature
900 Court St. NE
Salem, OR 97301

The Consumer Federation of America (CFA) urges your support for HB 3423, which prohibits the use of credit history, sex or gender, and marital status in auto insurance. This bill would make auto insurance more affordable, reduce unfair discrimination, and help combat the effects of systemic racism on the insurance market. CFA is an association of nonprofit consumer organizations that works to advance the consumer interest through research, advocacy, and education. Over 250 organizations participate in the association and govern it through our Board of Directors.

Oregon, along with nearly every other state, requires drivers to purchase and maintain auto insurance. The state therefore has a responsibility to make sure that insurance is affordable and that drivers do not experience unfair discrimination. Unfortunately this is currently not the case; insurers charge shockingly high penalties to consumers based on socioeconomic factors, especially auto and homeowners insurers. HB 3423 bans insurance companies from using the following factors: credit history and insurance scores based on that history, sex or gender, and marital status.

CFA's past research has found that Oregon drivers with poor credit pay substantially higher premiums.¹ Using 2020 data, Table 1 below reveals

¹ "The One Hundred Percent Penalty: How Auto Insurers' Use of Credit Information Increases Premiums For Safe Drivers and Perpetuates Racial Inequality." By Douglas



that Oregon drivers were charged substantially more for coverage based on their credit history, even if they had perfect driving records.

Table 1: Auto Insurance Premiums Charged to Oregon Drivers Based On Credit History²

Consumer Credit History	Consumers With Excellent Credit	Consumers With Fair Credit	Consumers With Poor Credit
Average Annual Auto Insurance Premium	\$600	\$911	\$1,271
Percentage Increase Due to Credit History	0%	52%	112%

In another report, a 2015 Consumer Reports study found that on average, an Oregon driver with poor credit will pay *\$762 more* for auto insurance than a driver with excellent credit and a driving while intoxicated (DWI) conviction.³ We believe that this absurd disparity – in which safe drivers with poor credit subsidize excellent credit drivers with drunk driving convictions – that Consumer Reports identified a decade ago persists.

CFA’s further analysis of the premium information found that gender often results in higher premiums for consumers. In a test of 35-year old drivers, Oregon women were charged, on average, \$100, or 11.4%, more for basic auto insurance.⁴ Several auto insurers charge unmarried drivers

Heller and Michael DeLong. The Consumer Federation of America. July 31st, 2023. Available at https://consumerfed.org/wp-content/uploads/2023/07/Official-CFA-Credit-Score_2023-FINAL-REPORT.pdf.

² Data for this report were by the Consumer Federation of America from Quadrant Information Services, LLC and are from August 2020. The base driver profile is a 35-year-old unmarried driver with a perfect driving record, who has a high school diploma and rents their home. They drive a 2011 Honda Civic LX on a 12-mile commute, 5 days per week for about 12,000 miles annually and purchase Oregon’s minimum statewide auto insurance coverage.

³ “The Secret Score Behind Your Rates.” Consumer Reports. July 30, 2015. Available at <https://www.consumerreports.org/cro/car-insurance/credit-scores-affect-auto-insurance-rates/index.htm>.

⁴ “Oregon Women Charged \$100 More Than Men for Basic Auto Insurance.” Consumer Federation of America. February 24th, 2021. Available at https://consumerfed.org/press_release/oregon-women-charged-100-more-than-men-

higher premiums than married drivers. A particularly cruel practice is the “widow penalty,” where grieving spouses experience premium hikes after their partners pass away. Our past study found that a number of major insurance companies—Farmers, GEICO, Liberty Mutual, and Progressive—charged widowed drivers as much as 20% more for auto insurance.⁵ After increased attention to this behavior, Rhode Island recently banned the widow’s penalty, with legislators calling it unnecessary and cruel,⁶ as have other states by law or regulation.

Some companies charge women higher premiums, some charge men higher premiums, and some do not use gender at all. This casts doubt on the claim that gender is a reliable insurance rating factor.

When insurers use these socioeconomic factors in auto insurance, they disproportionately hurt Black, Latino, and Indigenous consumers, reinforcing systemic racism. Census data, data collected by the Federal Reserve, and studies by the Consumer Financial Protection Bureau (CFPB) show that Black and Latino consumers are more likely to be single instead of married and to have lower credit scores. While insurers claim that these socioeconomic factors are race neutral, in practice they disproportionately harm consumers of certain demographic groups.⁷ Use of these factors also harms low-income consumers, who are more likely to have poor credit scores.

Moreover, these factors are interdependent and can cause even greater harm, resulting in cumulative penalties. Lower-income workers are more likely to have poor credit, to be women, and to be unmarried. For

[for-basic-auto-insurance-drivers-with-poor-credit-scores-see-rates-double-according-to-new-research/](#).

⁵ “New Research Shows That Most Major Auto Insurers Vary Prices Considerably Based on Marital Status.” Consumer Federation of America. July 27th, 2015. Available at https://consumerfed.org/press_release/new-research-shows-that-most-major-auto-insurers-vary-prices-considerably-depending-on-marital-status/.

⁶ “Rhode Island Bars Auto Insurers From Charging ‘Widow’s Penalty.’” Insurance Journal. July 1st, 2024. Available at <https://www.insurancejournal.com/magazines/mag-features/2024/07/01/781358.htm#:~:text=A%20new%20Rhode%20Island%20law,1%2C%202025>.

⁷ “Systemic Racism in Auto Insurance Exists and Must Be Addressed By Insurance Commissioners and Lawmakers.” The Consumer Federation of America. June 17th, 2020. Available at https://consumerfed.org/press_release/systemic-racism-in-auto-insurance-exists-and-must-be-addressed-by-insurance-commissioners-and-lawmakers/.



example, a divorced woman with fair or poor credit has three strikes against her even if she has a pristine driving record. Auto insurers could charge her a higher premium based on her gender, compound that with a surcharge based on her being unmarried, and finally add another 40%, 50%, or even 150% increase due to her credit—resulting in her paying hundreds or even thousands of dollars more for insurance despite never causing a crash.

HB 3423 would eliminate unnecessary and unfair rating practices by banning insurance companies from using credit history, sex or gender, and marital status in determining auto insurance eligibility, rates, and premiums. Insurers can set a fair price for drivers without punishing them for their credit history, their gender or whether or not they are married. A consumer's auto insurance premium should be based on their driving record, not these non-driving related socioeconomic factors.

The Consumer Federation of America urges your support for HB 3423. Please contact us at mdelong@consumerfed.org with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Heller', with a long horizontal flourish extending to the right.

Douglas Heller
Director of Insurance
Consumer Federation of America

A handwritten signature in black ink, appearing to read 'Michael DeLong', written in a cursive style.

Michael DeLong
Research and Advocacy Associate
Consumer Federation of America

