



Legal Services Advocacy Project

March 23, 2025

The Honorable Kaohly Vang Her  
Co-Chair, Commerce Finance and Policy Committee  
Minnesota House of Representatives  
5th Floor Centennial Office Building  
St. Paul, MN 5515

The Honorable Tim O’Driscoll  
Co-Chair, Commerce Finance and Policy Committee  
Minnesota House of Representatives  
2nd Floor Centennial Office Building  
St. Paul, MN 5515

Re: HF 2215 (Low-Cost Motor Vehicle Insurance Program for Low-Income Residents)

Dear Co-Chairs Her and O’Driscoll and Members of the Commerce Finance and Policy Committee:

The Legal Services Advocacy Project (LSAP) writes in strong support of HF 2215, the proposal to create a Low-Cost Motor Vehicle Insurance Program for Low-Income Minnesotans. LSAP is a statewide division of Mid-Minnesota Legal Aid, providing policy, legislative, and administrative advocacy on behalf of Legal Aid statewide. Legal Aid’s clients include Minnesotans who have low incomes, elderly Minnesotans and Minnesotans with disabilities.

There is unquestionably a great need for the establishment of this program. It is estimated that there are more than 358,000 uninsured licensed drivers in Minnesota.<sup>1</sup> This is an alarming number.

The reasons for this high number vary, but there can be no question that the proprietary formula for setting automobile insurance rates is a primary cause. It is unequivocal that methodology used to underwrite policies and the resulting rates charged are “more closely aligned with personal economic characteristics than with drivers’ accident and ticket history.”<sup>2</sup> Socio-economic factors – what zip code you live in, whether you are married or single, what your occupation is, your level of schooling, and whether you rent or own, your credit score – are more important than whether you are a good driver. An unmarried person pays more than a married person; a bank teller pays more than a bank executive; a person with only a high school diploma pays more than a person with a master’s degree; a renter pays more than a homeowner; a person with a lower credit score pays more than a person with a higher credit score.<sup>3</sup>

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<sup>1</sup> Shannon Martin, *Uninsured motorist statistics and facts for 2025*, [Bankrate](#), Nov. 8, 2024.

<sup>2</sup> Consumer Federation of America, Press Release, *Major Insurers Charge Moderate-Income Customers With Perfect Driving Records More Than High-Income Customers With Recent Accidents*, Sept. 26, 2016. It should be noted that Minneapolis was one of the cities where CFA tested prices.

<sup>3</sup> *Id.*

The facts turn logic on its head: “[u]pper-income drivers with DUIs often pay less than good drivers of modest means with no accidents or tickets on their driving record.”<sup>4</sup> A driver with DWI pays **68% more** than a driver with bad credit.<sup>5</sup>

Regardless of whether or not there is a correlation between these socio-economic factors and higher claims, it is an unassailable fact that this underwriting method leads to unfairness and disparate impacts for lower-income drivers. And there is little doubt that not only is there a disparate impact suffered by low-income drivers, but also by drivers of color. As a 2017 investigation by Consumer Reports and ProPublica found, some major insurers were charging drivers in minority neighborhoods rates as much as 30 percent more than drivers in other areas with similar accident costs.<sup>6</sup>

HF 2215 does not, like many bills in the past, seek to govern what factors an automobile insurance offeror can use to price their product. It does, however, provide an alternate mechanism to address the disparities and unfairness in the effect of the insurers’ algorithms on lower-income drivers and drivers of color, and would reduce the disturbing number of motorists driving without insurance because they are priced out of the market. Competition has not worked to make insurance affordable for many. Where competition does not work, that is where the government has a duty to step in.

Minnesota would not be the first state to implement such a Low-Cost Motor Vehicle Insurance Program for Low-Income Residents. California, Hawaii, and New Jersey are three states that have some kind of program to help low-income drivers who are shut out of the market. In California, 93% of the applicants who receive policies through the program were uninsured.<sup>7</sup> And the claims for bodily injury and property damage average well below the policy limits established by the program.<sup>8</sup>

In sum, HF 2215 would provide a long-overdue solution to a problem that has vexed Minnesota drivers for far too long. It would go a long way to addressing the unfair and unacceptable income and racial disparities that have festered as a result of the method by which automobile insurance rates are set. LSAP urges the passage of HF 2215.

Sincerely,



Ron Elwood  
Supervising Attorney

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<sup>4</sup> *Id.*

<sup>5</sup> Consumer Reports, *The Truth About Car Insurance*, Sept. 2015.

<sup>6</sup> *Id.*

<sup>7</sup> Doug Heller, *An Auto Insurance Lifeline for Safe-Driving, Lower-Income Marylanders* (2019).

<sup>8</sup> *Id.*