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New Study Finds Women, Widows Penalized When Obtaining Auto Insurance

Discriminatory methods used in legally required insurance product

AUSTIN, Texas — Female motorists in Texas often pay significantly more for auto insurance than male motorists, despite having identical driving records, vehicles and other characteristics that insurers use to price auto insurance, such as home address and age, according to a new study by Texas Appleseed.

The report, [**Out of Alignment: Women & Discrimination in the Texas Auto Insurance Market**](#), also revealed that pricing penalties were used in the case of marital status, with unmarried women paying the highest average rates.

The report is an assessment of online premium quotes from five large auto insurers operating in eight Texas cities: Allstate, Farmers, Geico, Progressive and State Farm. Only State Farm offered the same prices for women as men, and did not change rates based on marital status.

“All drivers in Texas are legally required to purchase an auto insurance policy so it’s particularly troubling that four out of the five companies tested are marking up rates for women for a product that must be purchased,” said Ann Baddour, director of Fair Financial Services at Texas Appleseed.

Additional Findings

- Progressive and Farmers charge widowed women premiums that are 12 percent to 13 percent higher than widowed men; by comparison State Farm maintains the same rate.

- In the City of Houston, women with perfect driving records pay, on average, \$75 more than men with the same record, same vehicle, and same address — the highest average female driver penalty of any of the eight cities studied.
- Farmers Insurance had the highest gender disparity in pricing, charging women with perfect driving records an average of \$144 more than men with the same record, same vehicle, and same address.
- Individuals who get divorced see, on average, a \$49 annual increase in car insurance. Consistent with other findings, there is an even harsher penalty for divorced women.
- Geico and Progressive charge female drivers whose spouse is deceased higher premiums than if her spouse were still alive — a widow penalty. In contrast, the testing found that married female drivers are likely to see premiums from Allstate and Farmers drop after becoming a widow.
- Eight cities were randomly tested: Amarillo, Arlington, Dallas, Houston, Laredo, Mission, San Antonio and Tyler. Of those, Houston and Mission led in gender-based penalties.

“Thanks to Texas Appleseed’s excellent research, it is clear that the Texas Department of Insurance needs to step in and prevent this unfair penalizing of good drivers based on their gender or marital status,” said J. Robert “Bob” Hunter, Director of Insurance for the Consumer Federation of America and Former Commissioner of Insurance for the State of Texas. “As long as government requires that people purchase auto insurance, we have to make sure that the companies selling it are treating Texans fairly.”

Policy Recommendations

The Texas Department of Insurance should:

- Investigate differences in basic auto insurance pricing based on gender and marital status;
- Assess possible failings in its rate evaluation systems that allow disparate pricing that resulting in gender-driven differences and appears to violate state law; and
- Block discriminatory rating practices.

The Texas Legislature should:

- Demand that the Texas Department of Insurance (the Department) fulfill its legal responsibility to prohibit pricing discrimination against women, people who are divorced and widows in Texas;
- Require the Department to submit a report to the Texas Legislature assessing unfair pricing disparities based on gender and marital status and a timeline to implement specific steps to address the problem; and
- Legislate protection for women against unfair auto insurance pricing, if the Department is unwilling to enforce existing laws.

“The Texas Department of Insurance and the Texas Legislature can and should put an end to these discriminatory market practices,” said Baddour.

Read the Report Here: <http://stories.texasappleseed.org/out-of-alignment>

About Texas Appleseed

Texas Appleseed is a public interest justice center that works to change unjust laws and policies that prevent Texans from realizing their full potential. Our nonprofit conducts data-driven research that uncovers inequity in laws and policies and identifies solutions for lasting, concrete change. For more information, visit www.TexasAppleseed.org.

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