

State may ban using education, occupation to set auto insurance rates

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TRENTON — Auto insurance companies that use a person's education and occupation to set rates are discriminatory and circumvent laws against using race to calculate prices, a state senator said Monday.

After listening to testimony from insurance companies and the state's Banking and

Insurance commissioner, state Sen. Nia Gill said such practices pose "a serious economic consequence to working-class families."

Gill, D-Essex, has sponsored a bill to ban auto insurance companies from taking education and occupation into account when setting policy prices. The practice of doing that was discussed during a Senate Commerce Committee on Monday, which focused heavily on Geico — the state's fourth-largest insurer and one of only two that use a person's job and schooling to determine a driver's risk of accident.

Maryland-based Geico, a unit of Warren Buffett's Berkshire Hathaway, has been selling policies in New Jersey since 2004, nearly 30 years after leaving the state over regulations that were considered too restrictive.

Geico returned to New Jersey after lawmakers relaxed some statutory requirements for insurance companies, including allowing them to consider credit scores.

On Monday, Geico officials said a person's occupation and education were only two of more than 20 criteria used to set rates and don't give any indication of someone's race. They declined to say how much weight the two criteria are given, citing laws that

exempt the public disclosure of proprietary information.

State Banking and Insurance Commissioner Steven Goldman said the department hasn't received complaints about the job and education criteria.

"The beauty of the market is that if you don't like one quote, you have 30-plus other insurance companies to choose from," Goldman said following the hearing.

However, Goldman said he was unaware that Geico is facing a potential class-action lawsuit in Michigan that alleges the company discriminates against blacks by charging them higher premiums than it charges white cus-

tomers with the same driving records. The lawsuit contends the higher premiums are based on the education and occupation criteria.

Based on 2000 census figures, 70 percent of New Jersey residents don't have a college degree. However, 82.9 percent of blacks and 87 percent of Hispanics have no college degree.

Ironically, Gill said, a 2005 study by an independent insurance rating company found doctors and lawyers were among the drivers most likely to be involved in an accident. Gill said that according to the study, firefighters and home-makers were the least accident-prone.