

Focus only on risk

Auto insurance companies are entitled to price their policies to accurately reflect the risk posed by motorists. But using a driver's education and occupation as factors in calculating a driver's premium, as Geico and other insurers do, amounts to economic profiling. It should be prohibited, at least in setting rates for motorists with established driving records.

Premiums should be based on motorists' individual accident and motor vehicle violation histories, the vehicles they drive and the distances they drive them — not on whether they have a college degree or fancy job title.

Geico defended its pricing practices Monday before the Senate Commerce Committee, which was examining why and how insurers set their rates. Committee chairwoman Sen. Nia Gill, D-Essex, is concerned that asking an applicant's education and occupation is another way of determining a person's race and income. She said this causes economic hardship to working-class families.

Insurers are prohibited from considering race or income in determining whether the applicant is a higher risk. Gill is sponsoring a bill (S-1714) to add education and occupation to the list of banned factors. Assemblyman Michael J. Panter, D-Monmouth, is among the co-sponsors of the Assembly version (A-2819).

The bill warrants approval. But it would be preferable if Geico and other insurers who use education and occupation as factors in setting rates head off legislative intervention by voluntarily agreeing to halt the practice. Like race and income, education and occupation should not enter into the equation.