

I'm sorry I missed the chance to testify. I arrived too late from Bozeman.

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February 8, 2005

Testimony in Opposition to SB 351

To: Senate Judiciary Committee

Fr: Marcia Youngman

I recently finished a term as mayor of Bozeman and have been a city commissioner for the past 11 years, but I'm testifying before you today as someone who worked to help end sex discrimination in insurance. I feel almost nostalgic appearing before you this morning, because I've testified in defense of Montana's landmark Non-Gender Insurance Law every legislative session since the early 1980s. For almost a decade, I was director of the Montana-based National Clearinghouse for Ending Sex Discrimination in Insurance.

Montana's law has worked excellently for 20 years. *The track record of 7 past legislative sessions should give you all the assurance you need to vote NO quickly on SB 351 and move on.* Numerous previous repeal efforts have been defeated by both Republican and Democratic majorities. The law saves women and families more than \$22,000 over their lifetimes in lower premiums and higher benefits. It gives them a better opportunity to protect their health and economic security. Montana women earn less, on average, than Montana men. They are less likely to receive health insurance coverage at work. If you repeal the law, health insurance premiums will go up drastically for women and families. Life insurance and annuity benefits will go down.

After the law took effect in 1985, the Clearinghouse was established by a bi-partisan coalition of women, families, and dozens of groups from all over the state, from Glasgow to Hamilton. We researched the financial effects of the law on the policies of women, men, and families to make sure the law was good news. We surveyed the major insurance companies in the state to determine impacts on premiums and payouts for auto, health, life, disability insurance, and annuities. Our studies have been used in legislative and court hearings nationwide. We found the law benefits a majority of insurance consumers financially.

With gender-based insurance, one of 3 things happens. Women
Pay more than men and get less (health and disability insurance charge higher rates, and female-related conditions are excluded more typically than male-related conditions such as hair loss); or they
Pay less and get less (life insurance involves lower premiums but also provides lower payouts such as dividends, cash value, and settlement options); or they
Pay the same and get less (in the case of annuities and auto insurance after age 25).
I'm sure you heard the common thread. In each case women get less from gender-based insurance.

If someone offered you a low price on one product for 9 years, and someone else offered you a similarly low price on 4 other products for 45 years, which would you think was the better deal? 45 years, of course. Montana women have learned to do this same simple math. With sex-based rates, the insurance industry offers women a nice-sounding deal on auto insurance for a few years and then charges them more or gives them lower benefits on every other line of insurance for the rest of their lives.

It's been my consistent experience that if women and families have a chance to examine the facts and talk to their insurance agents about policy rates and benefits, they conclude non-gender insurance benefits them financially. They also think it's not fair to rate people according to their gender, something they have no control over, just like race. African Americans and whites have as significant a mortality difference as men and women, but despite the actuarial data no one suggests reintroducing race-based rates. Sex and race-based discrimination are both unconstitutional in Montana.

In the past I've been the fact person in non-gender insurance hearings, and I could still rattle off a lot of numbers, but surely equitable treatment of Montana consumers trying to buy products necessary to their family health and financial security (and in the case of auto insurance, required by law) is the heart of this decision, rather than data. Thus, I'll skip all the statistics except to spend a moment on auto insurance. You've been urged to repeal the law in part for the sake of young women drivers. Only 4.2% of drivers are young women. Please don't repeal a law that benefits hundreds of thousands of Montanans their whole lifetimes for the sake of a few thousand young women who would only benefit for a handful of years. Our study did show average rates went up for women under 25 and down for young men, but we found by shopping around young women could pay as little as \$65 more per year. And if they need both auto and health insurance, even women under 25 save under the law.

Interestingly, after the law took effect, Montana auto insurance became more competitive, and premiums dropped substantially compared to the rest of the country. Before the law, Montana's premiums ranked 24th in the nation. After the law took effect, we dropped to 44th.

Auto insurance brings me to my final key point: the insurance industry claims it sets rates scientifically and needs to use sex for fair, risk-based rating. Auto insurance rates make it clear use of sex as a rating factor is governed by marketing motives, not actuarial science. The difference in accident rates between men and women is as great over 25 as under 25. But you won't find a single insurer in states that use sex as a rating factor giving women over 25 the full price break they deserve. **The industry has used gender-based actuarial data inconsistently in every line of insurance in ways that have penalized women and families, by tending to use gender-based data when it hurts women and avoiding or minimizing its use when it would help women. This is neither scientific nor fair. It's discrimination.** Gender is not needed for effective ratemaking, as 20 years of Montana experience demonstrate. Gender is just a proxy for factors that relate directly to risk, such as mileage and driving record in the case of auto insurance.

We would not fight so hard to protect the law—again and again and again—if women and families did not benefit financially. This law is about less expensive health insurance for women and families. It is about savings to taxpayers because more people are insured. And it's about greater financial security for retired women—and for your daughters and sisters and mothers and grandmothers. There is no good reason to get rid of this law, and it would badly hurt women and families financially to do so. Please oppose SB 351.