

Testimony of Congresswoman Rashida Tlaib (MI-12)  
Before the United States House of Representatives  
Committee on Financial Services

November 9, 2023

Today, I would like to discuss two issues affecting our residents, medical debt as a factor in credit reports and auto insurance discrimination.

**Medical Debt**

Roughly 20 percent of Americans have medical debt.<sup>1</sup> Collectively, such debt accounts for \$88 billion owed on consumer credit records.<sup>2</sup> This is a tremendous burden. In addition to regularly forcing families to exhaust their savings or cut back on food or clothing, such debt also prevents our residents from meeting their basic needs by marring their access to credit.

Those burdened with medical debt are regularly denied employment, housing, or transportation because of their credit history. This is wrong. Undergoing a medical procedure should never haunt someone financially. No one chooses to get sick.

To make matters worse, medical debt has questionable predictive value. It is not necessary to use medical debt to predict a borrower’s future credit risk. Furthermore, debt collectors often rely on inaccurate information, pressuring those recovering from illness to pay bills they might not even owe.

This issue hits particularly hard in communities like mine, where residents already face challenges with access to credit and I have long advocated on behalf of those saddled with medical debt. For instance, my Restoring Unfairly Impaired Credit & Protecting Consumers Act would prohibit outright the reporting of medical debt on consumer reports, among other provisions to protect consumers.

A medical emergency should not—and need not—send a family into financial ruin, preventing them from meeting their basic needs. I urge my colleagues to join me in ensuring that no one, no family has to face such difficulties by cosponsoring this bill and bringing it before this committee for consideration.

**Auto Insurance Discrimination**

I would now like to turn to the issue of auto insurance discrimination. Auto insurance discrimination helps to keep our residents in the cycle of poverty.

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<sup>1</sup> “CFPB Estimates \$88 Billion in Medical Bills on Credit Reports,” Consumer Financial Protection Bureau, March 1, 2022, [://www.consumerfinance.gov/about-us/newsroom/cfpb-estimates-88-billion-in-medical-bills-on-credit-reports/](https://www.consumerfinance.gov/about-us/newsroom/cfpb-estimates-88-billion-in-medical-bills-on-credit-reports/).

<sup>2</sup> “CFPB Estimates \$88 Billion in Medical Bills on Credit Reports,” Consumer Financial Protection Bureau, March 1, 2022, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-estimates-88-billion-in-medical-bills-on-credit-reports/>.

It goes without saying that transportation is a crucial component of economic mobility. In order to take a new job, go to school, or deal with a medical emergency one needs access to reliable transportation. For many residents in my district, this means having access to a car.

Yet Michigan is one of the most expensive states for car insurance. This summer, some Michigan residents saw a 42% fee increase by the Michigan Catastrophic Claims Association.<sup>3</sup> Adding on to high fees that are already unaffordable for many families.

Part of the reason that my residents face such astronomic rates is that auto insurance companies continue to rely on factors like education, occupation, employment status, credit scores, zip codes, census tracts, or home ownership status in their insurance rating or underwriting decisions.<sup>4</sup>

This is outrageous. These factors do not determine one's driving ability. Some have called the use of proxy factors in setting premiums "insurance redlining," as the same policy can cost thousands of dollars more simply by crossing city limits.

We must stop these predatory and discriminatory practices by auto insurance companies. That's why I'm so grateful to partner with Congresswoman Bonnie Watson Coleman and Congressman Mark Takano on The Prohibit Auto Insurance Discrimination Act or PAID Act, which would prohibit the use proxy factors like education or zip code to calculate insurance rates.

I urge my colleagues to join us in fighting back against insurance discrimination by cosponsoring the PAID Act and bringing it before this body.

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<sup>3</sup> Amber Ainsworth, "Why Michigan auto insurance rates are going up this summer," Fox 2 Detroit, June 15, 2023, <https://www.fox2detroit.com/news/why-michigan-auto-insurance-rates-are-going-up-this-summer>.

<sup>4</sup> Patrick Cooney et al., "Auto Insurance and Economic Mobility in Michigan: A Cycle of Poverty," University of Michigan Poverty Solutions, March 1, 2019, <https://poverty.umich.edu/publications/auto-insurance-and-economic-mobility-in-michigan-a-cycle-of-poverty/>.