

April 26, 2018

The Honorable Chairman Michlewitz J  
Joint Committee on Financial Services  
State House, Room 254  
Boston, MA 02133

CC: Speaker DeLeo

Dear Chairman Michlewitz:

The Working Group on Gender Equity in Disability Insurance has recently released its report, as required by Section 173 of Chapter 133 of the Acts of 20161 (Chapter 133), which directed the group to: “study the costs and benefits of prohibiting insurance companies in the commonwealth from making any distinctions in disability policy payments, premiums or rate charges, or any other terms or conditions of any group or individual disability, accident or sickness insurance contract based on a person’s race, color, religion, sex, marital status, or national origin.” Because insurance companies are already barred from rating insurance policies based on a person’s race, color, religion, marital status, or national origin, and since gender rating for employment related disability insurance (“DI”) is already barred by federal law, the Working Group’s focus was solely on the issue of gender rating in DI policies issued in the individual market. The Working Group found that as of December 31, 2016, a total of 188,964 (11%) were covered by individual DI policies, while 1,530,420 (89%) persons were covered by group DI policies; and that women purchasing individual DI coverage are charged up to 60% more than men are charged, creating a significant barrier to coverage for these women.

An Act Providing Equitable Coverage in Disability Insurance (H. 482 & S. 545 -- Rep. Ruth Balsler and Sen. Jason Lewis) would level the playing field for women purchasing individual DI policies by requiring that gender not be used as a rating factor in pricing these insurance products. This bill would add disability insurance to the list of other types of insurance which are already barred from gender rating in this state. For instance, in 1996 Massachusetts eliminated the use of gender in the development of premiums for coverage offered in the individual and small group health insurance markets. Both automobile insurance and annuities are also required by Massachusetts law to be gender neutral in their premiums. According to the Working Group report, in all three of these lines of coverage (health, private passenger automobile, and annuity), the move to gender-neutral rating has not caused any interruption in the availability of coverage.

The Working Group heard testimony by Shane Blundell, from Attorney General Maura Healey’s office, who pointed out that women are currently disadvantaged in the workplace with lower pay (84% of men’s earnings), in spite of the fact that some 46% of women workers are their family’s sole breadwinners. This income disparity combined with the higher cost of DI coverage creates even more economic stress for women looking to purchase DI coverage to safeguard their family income.

A plurality of the Working Group (five in favor, two opposed) came to the following conclusion, when weighing the cost versus the benefits of barring gender rating in DI policies.

“FINDINGS:

1. The Equal Rights Amendment to the Massachusetts Constitution prohibits discrimination based on sex.
2. Federal Law and Regulations prohibit discrimination based on sex in employer-based group disability insurance policies issued in Massachusetts.
3. Most other types of insurance products in Massachusetts are already issued on a genderneutral basis, and in these products the move to gender-neutral rating has not caused any lack in the availability of coverage.
4. Women purchasing individual disability insurance coverage are currently charged 23-61 percent more than men are charged, which is a significant barrier to obtaining coverage and discriminatory based on the equal rights law.
5. 46 percent of women are the sole breadwinners in their family, and another 20 percent of women contributed between one-quarter to one-half of their family's earnings, while women on average make 84 percent of the salary of their male counterparts.
6. Disability insurance is a safety net for many individuals, allowing them to replace income when they are disabled.
7. Massachusetts recently updated its Equal Pay Act, evidencing an intent of the General Court to move toward full gender equality in the workplace.
8. There is enough evidence of harm to women in gender-based pricing of individual disability insurance to conclude that the benefits of ending gender-based pricing outweigh the cost.

**Therefore, it is our recommendation that the Massachusetts General Court enact legislation prohibiting gender rating in individual disability policies, with such legislation taking effect one year after its passage.”**

We urge your Committee to accept the recommendations of the Working Group’s plurality report and to recommend passage of An Act Providing Equitable Coverage in Disability Insurance (H. 482 & S. 545) in this legislative session. There will be no added cost to the Commonwealth, and the women of Massachusetts have waited long enough to achieve full equality in their working lives.

Sincerely,

Margot Parrot, Chair  
Massachusetts Commission on the Status of Women

Katie Donovan and Marsha Frederick, Co-Presidents  
American Association of University Women-Massachusetts

Carol Rose, Executive Director  
American Civil Liberties Union of Massachusetts

Steven A. Tolman, President  
American Federation of Labor and Congress of Industrial Organizations-Massachusetts

Thomas J. Gosnell, President  
American Federation of Teachers-Massachusetts

Megan Costello, Executive Director  
Boston Mayor's Office of Women's Advancement

Cindy Rowe  
Executive Director, Jewish Alliance for Law and Social Action

Jeremy Burton, Executive Director  
Jewish Community Relations Council of Greater Boston

Meryl Kessler, Executive Director  
League of Women Voters of Massachusetts

Deborah Shields  
MassEquality

Ellie Adair and Sasha Goodfriend, Co-Presidents  
Massachusetts Chapter of the National Organization for Women (Mass NOW)

Julie Pinkham, Executive Director  
Massachusetts Nurses Association

Ann Clark, Executive Director-Treasurer  
Massachusetts Teachers Association

Kaitlyn Maloney, Associate Director  
Massachusetts Women's Political Caucus

Janet Domenitz, Executive Director  
Massachusetts Public Interest Research Group (MASSPIRG)

Rebecca Hart-Holder  
National Association for the Repeal of Abortion Laws-Massachusetts (NARAL MA)

Rebekah Gewirtz, Executive Director  
National Association of Social Workers-Massachusetts

Julie Childers, Executive Director  
Our Bodies Ourselves

Peter MacKinnon, President  
Service Employees International Union 509

Margaret Talmers, Executive Director  
Women's Bar Association