



Consumer Federation of America

May 2, 2014

Comments of the Consumer Federation of America to the National Association of Insurance Commissioners C and D Committees

**RE: In Opposition to Adoption of the Auto Insurance (C/D) Study Group Report
“Compendium of Reports on the Pricing of Personal Automobile Insurance”**

The Consumer Federation of America strongly opposes the adoption of the Auto Study Group compendium of reports for several reasons. First, this document is not a compendium of reports by any means, but, instead, an assemblage of insurance industry and NAIC reports, including three that are more than fifteen years old. Further, the included documents and reports generally do not respond to the underlying purpose of the study group: “to review issues relating to low-income households and the auto insurance marketplace and to make recommendations as appropriate.” Nor does the compendium meet its own stated purpose of providing “a resource for state insurance regulators seeking to know more about issues concerning the availability and affordability of automobile insurance.”

To accept this report calls into question the independent role that NAIC must play in the competition of ideas concerning auto insurance oversight and consumer protection. The report incorporates two documents from the industry trade group Property Casualty Insurers Association of America (PCI), one from the National Association of Mutual Insurance Companies (NAMIC), and a Progressive Direct document. None of these address the issue of auto insurance affordability and availability in any meaningful way, nor do the documents provide information relevant to the needs of and challenges faced by low- and moderate-income Americans.

The compendium also includes an NAIC summary of an insurance industry-sponsored report on the highly controversial policy dubbed “no pay-no play.” The fact that NAIC would include, as its only substantive policy analysis, a review of an industry study supporting rules that limit the legal rights of low-income drivers illustrates our broader concern.

The compendium excludes any of the several detailed reports on the precise issue at hand that have been published by Consumer Federation of America over the past few years. This is particularly surprising given the fact that CFA has presented the findings of some of these reports directly to NAIC, in some instances at the request of NAIC.

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In the past CFA and others have provided extensive comment on the issue of access to auto insurance for low- and moderate-income Americans. We have also offered our analysis and critique of much of the material incorporated into this proposed report. We would be happy to reiterate or expand upon any of these issues. First, however, we urge the C and D Committees to refuse to adopt the Study Group Report and fully consider the findings of the attached reports in its consideration of the availability and accessibility of automobile insurance.

Thank you for your consideration.

J. Robert Hunter



Director of Insurance
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Attachments:

[Uninsured Drivers: A Societal Dilemma in Need of a Solution](#). Consumer Federation of America (2014).

[CFA Analysis Shows Auto Insurers Charge Higher Rates to Drivers with Less Education and Lower-Status Jobs](#). Consumer Federation of America (2013).

[CFA Reveals California is the Only State Where Auto Insurance Expenditures are Lower Than 25 years Ago](#). Consumer Federation of America (2013).

[Largest Auto Insurers Frequently Charge Higher Premiums To Safe Drivers Than To Those Responsible For Accidents](#). Consumer Federation of America (2013).

[Use of Credit Scores by Auto Insurers Adversely Impacts Low- and Moderate-Income Drivers](#). Consumer Federation of America (2013).

[What Works: A Review of Auto Insurance Rate Regulation in America and How Best Practices Save Billions of Dollars](#). Consumer Federation of America (2013).

[Auto Insurers Charge High and Variable Rate for Minimum Coverage to Good Drivers from Moderate-Income Areas](#). Consumer Federation of America (2012).

[Lower-income Households and the Auto Insurance Marketplace: Challenges and Opportunities](#). Consumer Federation of America (2012).