



Consumer Federation of America

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CONSUMER ADVOCATES TELL NAIC TO START OVER ON INVESTIGATION INTO CHALLENGES FACED BY LOWER-INCOME GOOD DRIVERS IN THE AUTO INSURANCE MARKET

*State regulators urged to conduct a comprehensive review of how insurer practices
and data mining impact lower-income good drivers*

(Washington, D.C.) – In [comments](#) to the National Association of Insurance Commissioners (NAIC) the Consumer Federation of America and the Center for Economic Justice strongly opposed the adoption of the recently completed “Compendium of Reports on the Pricing of Personal Automobile Insurance.”

The NAIC Auto Study Group was formed after considerable pressure from consumer advocates concerned about high prices and the use of potentially discriminatory rating factors used to price car insurance. The Auto Study Group’s report, however, failed to address the underlying problem of the accessibility and affordability of auto insurance for lower-income, good drivers.

The Auto Study Group report will be considered at a joint meeting of the NAIC Property Casualty and Market Regulation Committees on Monday, May 5. CFA and CEJ submitted comments to the NAIC explaining how the report fails to examine the issues the Auto Study Group was asked to consider. The groups called on the NAIC committees to return the report to the Auto Study Group for more work and less bias towards insurer views.

“To adopt this report calls into question the independent role that the NAIC must play in the competition of ideas concerning auto insurance oversight and consumer protection,” said J. Robert Hunter, director of insurance at Consumer Federation of America and former Texas Insurance Commissioner.

The report as written is made up almost entirely of documents authored by the insurance industry or regulators. None of the included documents addressed the issue of auto insurance affordability and availability in any meaningful way, nor did they provide any meaningful information relevant to the challenges faced by lower-income good drivers facing high rates or a lack of access to auto insurance required by nearly every state.

“We urge the NAIC Committees to return the report to the Auto Study Group for further work and more balance. In particular, we ask that any report of the NAIC on availability and

affordability of auto insurance actually look at the issue instead of regurgitating industry propaganda,” said Birny Birnbaum, executive director of the Center for Economic Justice.

The Consumer Federation of America is an association of more than 250 nonprofit consumer groups that was established in 1968 to advance the consumer interest through research, advocacy, and education.

The Center for Economic Justice is a nonprofit Texas corporation advocating on behalf of low-income and minority consumers on credit, insurance and utility matters. www.cej-online.org.