



## Consumer Federation of America

February 8, 2016

Dear Commissioner:

Several major auto insurance carriers hike rates on good drivers who rent their home rather than own it. That is the central finding in a report Consumer Federation of America released today, which you can download [here](#).

As you will see in the study, we tested the premiums charged by seven large insurers to a good driver in ten cities. For each test we only changed the driver's homeownership status and found that renters were charged seven percent more on average - \$112 per year - for a minimum limits policy than insurers charged drivers who own their homes, everything else being equal.

In several instances, customers would face double-digit increases - as high as 47% more - solely as a result of their renter status.

We urge you to investigate insurance companies' use of homeownership as an auto rating factor in your state. As the report highlights, renters are more likely to have low or moderate incomes and thus already more likely to struggle with the cost of state mandated auto insurance coverage. Making auto insurance less affordable through this renter's penalty worsens the situation and should be a critical concern to you.

Additionally, you can click [here](#) to review all of our previous reports that document how insurance rating practices sharply raise rates on the poor by charging more for people with low-paying jobs, less education, worse credit scores, and other non-driving factors.

Homeownership-based pricing adds to these factors that discriminate unfairly against your lower-income citizens. The cumulative effect of these factors is huge on the poor struggling to afford the insurance your state requires.

You cannot stand by and allow these unfair factors to make the auto insurance your state requires the poor to buy unaffordable. Of course, this impacts more than just lower-income residents in your state since these unfair factors are causing many constituents to drive uninsured and raising rates for everyone.

CFA would, of course, be more than happy to work with you and your staff to review our findings and further pursue this important issue.

Sincerely,

A handwritten signature in black ink, reading "J. Robert Hunter". The signature is written in a cursive style with a large, stylized initial "J".

J. Robert Hunter  
Director of Insurance  
Consumer Federation of America