



## Consumer Federation of America

September 29, 2016

Dear Commissioners:

On Monday, Consumer Federation of America released a new study of auto insurance premiums across the country that revealed auto insurance prices are often more closely aligned with socio-economic characteristics such as occupation and education, that are highly correlated with income, than with drivers' accident and ticket history. Testing premiums offered by the nation's five largest insurers in ten U.S. cities for drivers with different socio-economic characteristics and different driving records, CFA found surprising results, including:

- Upper-income drivers with DUIs often pay less than good drivers of modest means with no accidents or tickets on their driving record.
- Moderate-income drivers with perfect records pay more than upper-income drivers who caused an accident in which someone was injured.
- Moderate-income good drivers often pay more than upper-income drivers with multiple points on their record.
- Progressive and GEICO consistently charge upper-income bad drivers less than moderate-income good drivers.

A copy of the report can be found here: <http://bit.ly/2cydhPE>

A few of the news articles about the report are available here:

*New York Times* | Income, Not Driving Record, May Determine Auto Insurance Cost  
<http://nyti.ms/2dGDtaK>

*CBS* | Rich with a DUI? Your car insurance premium may not suffer <http://cbsn.ws/2d6oGF6>

*USA Today* | Study: Car insurance varies by income, not record <http://usat.ly/2cIbvK8>

Your action is urgently required to redress these unfair prices. We urge you to immediately undertake research to determine if this problem exists in your state and, if so, take regulatory action to disapprove the unfairly discriminatory socio-economic rating factors. We also suggest you propose to your legislature rate standards similar to those in California where the greatest weight must be given to driving record. That state was the only market tested by CFA in which the good drivers always paid less than the drivers with marks on their driving record.

Sincerely,

J. Robert Hunter  
Director of Insurance  
Consumer Federation of America