



Consumer Federation of America

April 8th, 2024

Commissioner Karima Woods
Department of Insurance, Securities, and Banking
1050 First Street NE #801
Washington, DC 20002

Re: Report on Unintentional Bias in Private Passenger Auto Insurance

Dear Commissioner Woods,

The Consumer Federation of America (CFA) urges you to publicly release the Department of Insurance, Securities, and Banking's report on unintentional bias in private passenger auto insurance. This report, which was begun in 2022, was originally expected to be released in January 2024, but was not because, we were told, it had been sent to the Mayor's office for review.

Without further explanation, the report has languished out of public view. CFA has been told that at least one insurance company official has claimed to have seen the report, though we cannot confirm that. Regardless of who has seen the report thus far, it is long overdue and should be made available immediately. Consumers deserve an accurate picture of unfair discrimination and bias in auto insurance and the delayed release is disconcerting. Most importantly, DC drivers who are struggling to keep up with increasing premiums need to see the Department moving forward on issues of marketplace bias and unfairness; right now the effort appears stuck in park.

Over the past few years, the Department developed a draft initiative to examine insurance companies' use of factors such as consumer credit information, education level, job/occupation, homeownership status, and marital status in insurance underwriting and ratemaking. The Department then embarked on a project to collect data on unintentional bias in auto insurance, "as that is a line of insurance that affects many District consumers and has previously had questions raised about the use of non-driving factors."¹

The project involved a review of auto insurers' rating and underwriting methodologies. First, the Department held a public hearing on Wednesday, June 29th, 2022 to get input from stakeholders, including insurers and consumer advocates, on the review plan. During the fall of 2022, the Department also held one-on-one meetings with certain stakeholders. Additionally, the consulting company O'Neil Risk Consulting and Algorithmic Auditing (ORCAA) was hired to help the Department and contribute its expertise. On its website, the Department stated that it wanted "to explore whether the use of certain information by auto insurers in the application and underwriting process may cause harm to Black, indigenous, people of color, and other protected classes of Washington, DC consumers."

¹ "Initiative to Evaluate Unintentional Bias in Private Passenger Auto Insurance." Department of Insurance, Securities, and Banking. Retrieved on March 26th, 2024. Available at <https://disb.dc.gov/page/evaluating-unintentional-bias-private-passenger-automobile-insurance>.

On January 9th, 2023, the Department exposed its proposed data call for review and received comments from the Consumer Federation of America and the Center for Economic Justice, insurance industry associations, and other interested parties. The data call was issued in February 2023. All insurers writing private passenger auto insurance policies in DC had to submit data from recent applications. The data call's purpose was to measure differences in underwriting decisions or pricing between applicants of different races or ethnicities. The Department stated that these results would be issued in a report, which was expected to be released in January 2024.

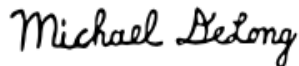
With auto insurance premiums rising rapidly, the most financially vulnerable and historically underserved consumers are likely bearing the worst of these increases, which only adds to the urgency that your report be made public. The discussions around how to best address the high cost of auto insurance and insurers' use of socio-economic factors in price setting will benefit from your research. But the public should not have to wait any longer to get their chance to consider your findings.

Please contact us at mdelong@consumerfed.org with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Heller", with a long horizontal flourish extending to the right.

Douglas Heller
Director of Insurance
Consumer Federation of America

A handwritten signature in black ink, appearing to read "Michael DeLong", written in a cursive style.

Michael DeLong
Research and Advocacy Associate
Consumer Federation of America