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Contact: [J. Robert Hunter](#), 207-864-3953

September 5, 2018

[Birny Birnbaum](#), 512-784-7663

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State Insurance Regulators Fail Consumers on Auto Insurance Affordability Research

Consumer Groups Call on Federal Insurance Office to Step In

Washington, D.C. – Consumer groups have called on state insurance regulators to reject a proposed report on auto insurance affordability that the groups said is biased toward industry and fundamentally flawed. After several requests by consumer groups to review the insurance data provided for a planned National Association of Insurance Commissioners (NAIC) report were rebuffed by the NAIC, the groups have told commissioners that the report will not serve the public interest and the NAIC should start over.

"The proposed 'report' serves no purpose other than that intended by the insurance industry when it dictated that only data hand-picked by industry itself would be used in the study. While NAIC staff has tried valiantly to work with the detritus produced by industry, the 'report' is fatally flawed for many reasons," wrote J. Robert Hunter of Consumer Federation of America (CFA) and Birny Birnbaum of Center for Economic Justice (CEJ) in a comment letter to NAIC sent yesterday. The letter, which details these reasons, is available [here](#).

The NAIC Auto Insurance Working Group that is considering release of the report was created in 2012 after consumer groups complained that the Association spent too little time and resources looking to understand and address insurance affordability for low- and moderate-income Americans. After years of stalling, the Working Group appeared to make progress in 2017 when a draft data call was developed by NAIC staff and several state regulators that aimed to collect a useful and comprehensive data set for analysis of the affordability problem. Earlier that year, the Federal Insurance Office (FIO) of the U.S. Treasury Department issued a study finding that approximately 18 million Americans lived in ZIP codes where auto insurance was unaffordable.

However, in the days before the data call was set to be adopted by the NAIC, the insurance industry offered an alternative data collection approach, in which industry-affiliated entities would, instead, provide a far more limited set of data that would be controlled by industry and held from public view. Consumer groups protested that this last minute substitution did not include relevant data, was biased due to the source of the data, and would not provide for a

meaningful assessment of auto insurance affordability, let alone a path toward addressing affordability problems. Over the next several months, consumer groups requested to review the data several times but those requests have been rejected by NAIC leadership. Instead, the NAIC has deferred to the insurance industry preference that the data only be seen by insurance companies, regulators, and NAIC staff. In light of state regulators' failure to provide unbiased research, the consumer groups are calling on FIO to step in and conduct the affordability research as it has in the past.

In its comment [letter](#), CFA and CEJ highlighted the NAIC's deference to the industry view captured by the Property Casualty Insurers Association of America's (PCIAA) "assertion that members of the public – including non-industry actuaries and economists in academia or public interest – are incapable of understanding or 'correctly' analyzing the data. PCIAA apparently does not believe in public information or accountability of government officials to the public – a position inconsistent with the standards of American democracy."

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