



555 12<sup>th</sup> Street NW  
Suite 550  
Washington, DC 20004  
202-828-7100  
Fax 202-293-1219  
[www.aiadc.org](http://www.aiadc.org)

January 30, 2017

Aaron Brandenburg  
Auto Insurance (C/D) Working Group  
NAIC Central Office  
1100 Walnut, Suite 1500  
Kansas City, MO 64106-2197

VIA Electronic Mail: [abrandenburg@naic.org](mailto:abrandenburg@naic.org)

RE: Proposed Data Collection for the Purpose of Studying Affordability and Availability of Private Passenger Automobile Insurance

Dear Mr. Brandenburg:

The American Insurance Association (AIA)<sup>1</sup> welcomes the opportunity to provide written comments on the Proposed Data Collection for the Purpose of Studying Affordability and Availability of Private Passenger Automobile Insurance (Proposal). AIA appreciates the Auto Insurance (C/D) Working Group (Working Group) efforts to address its charges to “[r]eview issues relating to low-income households and the auto insurance marketplace ...” and to “[c]onsider collection of data to evaluate the availability and affordability of auto insurance.”

The Proposal states that the data call is “entirely serviceable to at least identify the scope and magnitude of affordability/availability problems in private passenger automobile insurance.” This seems to pre-suppose two things. First that there is an affordability/availability problem and the Working Group needs to understand the magnitude of this problem. The second is that data collection is warranted. Respectfully, we feel these presumptions are not supported. For instance, The Insurance Research Council provided the NAIC with a report on affordability trends in private passenger auto insurance that is referenced in the materials on the Working Group’s webpage. That report concluded that private passenger auto insurance is increasingly affordable. In addition, consumers are consistently

---

<sup>1</sup> Celebrating its 150th year in 2016, The American Insurance Association (AIA) is the leading property-casualty insurance trade organization, representing approximately 320 insurers that write more than \$125 billion in premiums each year. AIA member companies offer all types of property - casualty insurance, including personal and commercial auto insurance, commercial property and liability coverage, specialty, workers' compensation, homeowners' insurance, medical malpractice coverage, and product liability insurance.

afforded new and innovative ways of securing coverage. Gone are the days of having to find a local agent to secure a personal lines auto insurance policy.

The charge of the Working Group for 2017 is to “consider” the collection of data, not to finalize a proposal to do so. However, if the Working Group concludes that data collection is necessary in order to “review issues relating to low-income households and the auto insurance marketplace,” AIA suggests language be added to the proposal indicating that its primary purpose is to determine if there are affordability/availability problems that need to be addressed. Additionally, we provide recommended changes to the template below.

It is imperative to note that zip code, income and consumer ability to pay are NOT factors considered in the pricing of a private passenger auto insurance policy. To suggest that insurers take these factors into account in their pricing is to suggest that carriers behave in an inherently discriminatory way – asking that they ignore acceptable rating factors determinative of loss. Such factors that DO influence price include the age of the insured, their driving record, type of vehicle and prior insurance history.

The Proposal suggests that the “number of complaints at the ZIP code level” should be collected. “Complaint” is not defined in the Proposal, nor is there an indication as to whether this data should be limited to certain complaint codes that would have a direct impact on an analysis of affordability and availability. AIA suggests that should a Proposal be adopted and recommended to the states any reference contained therein to complaints should be limited to closed confirmed consumer complaints related to the issues being analyzed: underwriting – premium & rating (805); underwriting – refusal to insure (810); underwriting – redlining (819); underwriting – unfair discrimination (825); and, marketing & sales – unfair discrimination (902).

Similarly, there is room for interpretation in various other areas of the data call. For example, what is driver risk-class? Also, carriers may not collect data elements shown in the application section, or track those elements differently and much of the verbiage in the drafts is subjective. As such, the data collection is likely to produce inconsistent results with minimal meaning at an individual state level, let alone a national level of analysis.

Further, should the Working Group determine (and the states adopt/support) a data call related to this issue is warranted, and indeed necessary, it should consider whether affording individual jurisdictions “a good deal of flexibility to tailor a common data call to better address the specifics of their markets” in any way allows for a meaningful national review of whether affordability and availability issues in this market exist. The Proposal goes so far as to say, “[w]ithin the system of state-based regulation, we believe that the state is the most appropriate unit of analysis.” This implies that there is no place for a “national” data call/analysis and that individual states, rather than the collective NAIC, should be assessing their own markets to (1) determine if there is an issue with affordability and availability of auto insurance coverage for low-income households, and (2) what steps they need to take to address any issues they find. The data calls included in the Proposal vary widely and do not seem conducive to “combination” as they have different criteria and data levels, different data definitions, etc. Perhaps the Working Group should issue a white paper discussing different state approaches and lessons learned from those approaches, rather than developing a formal proposal that would not work for all member jurisdictions.

Finally, while the Proposal title references “Private Passenger Automobile Insurance,” that phrase in some states can include commercially insured vehicles. AIA suggests a statement early in any adopted

proposal clarifying that the analysis of affordability and availability is limited to low-income households, and as such, is limited to personal lines automobile insurance.

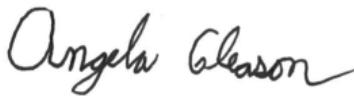
\*\*\*\*

AIA appreciates the opportunity to provide feedback and looks forward to continuing to work with the Working Group to carry out its charges. Thank you again, and please let us know if you have any questions or if we can offer any additional assistance.

Respectfully submitted,

A handwritten signature in black ink that reads "Lisa Brown" with a long horizontal flourish extending to the right.

Lisa Brown  
Assistant General Counsel & Director, Compliance Resources

A handwritten signature in black ink that reads "Angela Gleason" in a cursive style.

Angela Gleason  
Senior Counsel