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Via e-mail - abrandenburg@naic.org

Aaron Brandenburg
Statistical Information Manager
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
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Re: Draft Group's Proposed Data Collection for the Purpose of Studying Affordability and Availability of Private Passenger Automobile Insurance.

Dear Aaron:

Thank you for the opportunity to provide comments on the Auto Insurance (C/D) Working Group's Proposed Data Collection for the Purpose of Studying Affordability and Availability of Private Passenger Automobile Insurance.

ISO is a designated statistical agent in all 50 states and ISO's personal auto statistical database contains information from insurers representing over 30% of the personal automobile insurance market nationwide.

ISO conducts approximately 350 individual field and field relationship validity checks for personal auto statistical data transactional records. A significant number of post-transactional, distributional checks on aggregated data help ensure the quality and reasonableness of the data in the ISO database.

Historical premium and loss information contained in the ISO database can be aggregated at the zip code level. This data also includes, among many data elements, most if not all of the detail suggested in the draft:

- Coverage (liability, PIP, collision, comprehensive),
- Driver risk class (i.e. clean risks vs. other than clean risks),
- Policy limit ranges,
- Deductible ranges,
- Voluntary market and residual market.

Based on the Auto Insurance Study Group's discussion at the NAIC Fall National Meeting, ISO's understanding is that the draft is meant as a guide for a potential data call and not the detailed data call itself. With this understanding we note that the various examples in the draft approach data reporting differently. From a data collection perspective, reconciling these differences with the most straightforward solution may provide for the most efficient data call. For example, collection of policies written at financial responsibility limits, which will vary by state, separate from policies written at other higher limits would be the most straightforward with respect to limits. Also collecting actual earned premium rather than capped earned premium would be the simplest.

With respect to the data unrelated to premium and loss reporting suggested by the Auto Insurance Working Group, such as:

- number of applicants,
- number of applicants written,
- number of refusals to write, and
- number of complaints (all at the zip code level),

It is ISO's understanding this information is not currently collected by any state, not part of the Market Conduct Annual Statement, and may not be captured by companies at the ZIP Code level.

From a data collection perspective, capturing this type of information raises many questions:

- How will internet solicitations and internet quotes be handled and counted?
- How will the potential for skewed results caused by "shopping around" be minimized?
- How will quotes/offers obtained through internet broker sites be counted/handled?
- How will this information be aggregated with so many different quote/offer mechanisms available via technology?
- How will insurers not currently collecting this information respond to a requirement to report it?

These questions may make collection of the non-premium and loss data considerably more problematic than more standard data collection elements.

ISO is available to work with the NAIC and states to use the existing premium and loss statistical data to conduct a study of affordability and availability issues as they relate to personal automobile insurance. In an effort to increase the market share beyond the 30% contained in the ISO database, ISO will coordinate with the other statistical agents, other entities that currently collect personal automobile data in California, Massachusetts, and Texas, and individual insurers. In doing so, we suggest the following benefits to the study will be realized:

- Using ISO's existing statistical data and reporting structure is much more efficient and economical than requiring individual insurers to participate in a brand new, time consuming, duplicative and expensive data call at the individual state level;

- Using ISO's existing statistical data and reporting structure will allow the Auto Insurance Working Group to move forward swiftly to achieve its goal of conducting an auto affordability and availability study without requiring states or the NAIC to incur substantial cost in conducting a new and duplicative data call; and
- Using a trusted third party intermediary such as ISO addresses insurer concerns over the confidentiality of the data.

Respectfully Submitted,

A handwritten signature in black ink that reads "Stephen C. Clarke". The signature is written in a cursive style with a large, stylized initial "S" and "C".

Stephen C. Clarke, CPCU

CC: Auto Insurance (C/D) Working Group Members