Work Plan for Auto Insurance (C/D) Study Group

August 14, 2012

Study Group Charge: to review issues relating to low-income households and the auto insurance marketplace and to make recommendations as may be appropriate.

Tasks:

State Laws and Regulations

- NAIC staff will take existing research and work with states to provide current state laws and regulations documenting minimum liability limits, liability defense structures, and other laws. Fall 2012

State Initiatives

- Document innovative initiatives states have taken to address affordability issues for low income drivers. (e.g. California’s low cost auto plan). Fall 2012
- Investigate and document how these plans are working and challenges jurisdictions have faced. Spring 2013

Insurer Initiatives

- Work with insurers to identify initiatives taken by insurers to address the issue of the cost of insurance for low income drivers (e.g. Progressive’s programs). Winter 2012
- Investigate and document how these initiatives are working. Spring 2013

Risk Classification Survey

- Consider whether states should conduct a survey of significant market participants using the Risk Classification Survey Instrument adopted in 2011. Summer 2012
- Discuss how states will share information gathered in surveys. Fall 2012
- Decide how states will collect and analyze data. Winter 2012
- States distribute survey in 2013.
- States implement information sharing and analysis after receiving data.

Uninsured Drivers

- Collect data and describe methodology related to measuring the number of uninsured drivers in each state. The most common data source is the Insurance Research Council. Winter 2012
**Competitiveness of Markets**

Run economic tests on the competitiveness of auto markets in each state. Winter 2012

**Prior Work**

- Review and analyze prior work done by NAIC Committees, including *No-Fault Auto Insurance Survey*, *Availability and Affordability Task Force Report*, *Monitoring Competition Report* and annual NAIC reports, such as Profitability, Competition and Auto Reports. Winter 2012

**Consider Feasibility of States or NAIC Directly Collecting Data**

- Study and make recommendations regarding the feasibility of collecting data that could include, among other items, average premium, residual market data, lapse rates, agent information, and claims information sorted by census tract or ZIP code. Winter 2012