



2005/2006 Auto Insurance Database Report

This is an annual report published by the NAIC containing key statistics regarding automobile insurance. The Casualty Actuarial and Statistical (C) Task Force has been involved in monitoring the activities associated in the production of this report prepared by NAIC Staff. A confidential embargoed copy of the completed report was distributed to Commissioners October 27, 2008. The report was available to the public Monday, November 3, 2008.

The cost of personal automobile insurance has attracted considerable attention from regulators and policymakers. To help states assess their particular insurance markets, the *Auto Insurance Database Report* was prepared by the NAIC staff under the direction of the Casualty Actuarial and Statistical (C) Task Force. A database has been compiled to make information about cost factors in each state readily available to insurance regulators monitoring the market, and to the public. The database includes information related to insurance markets, traffic conditions, medical costs, crime rates, automobile repair costs, economic conditions and state laws related to automobile insurance.

The data used for this report include written premiums and exposures for calendar years 2002-2006 for the combined voluntary and residual market. Earned and incurred data for calendar/accident years 2003-2005 are also reported, separately, for voluntary and residual market business. Trends are derived from earned premiums, earned exposures, incurred losses and incurred claims.

For each state, average premium and average expenditure, pure premium, loss ratio, claim frequency and claim severity are calculated by coverage. Auto insurance coverages included are bodily injury and property damage liability (including no-fault), uninsured and underinsured motorist coverages, medical payments, collision and comprehensive.

Narratives at the beginning of each section provide information about the type of coverage analyzed, and define the calculations used for the tables in that section. Any state specific issues regarding the coverage or data are also noted in the narratives.

Data contained in this report may differ from data contained in reports from previous years, as the statistical agents periodically obtain updated information from insurers.

The other sections of this report provide statistics for each state on non-insurance characteristics that would be expected to have some influence on the cost of personal automobile insurance. In reviewing these data and making interstate comparisons, it is important to keep in mind that auto insurance premiums ultimately reflect a complex set of state specific factors related each the insurer's claims costs, and that the data in this report by no means represent all such factors.

The report is valuable in many respects as described above with two tables containing the most controversial and sought after information. These are tables 4 and 5 which represent the Average Expenditure and Combined Average Premium for automobile insurance in every state. Although the report does not rank the states in any particular order, various media outlets compile the information in a form that ranks states by cost of insurance.