

TO: PARTIES INTERESTED IN THE DEPARTMENT’S REVIEW OF AUTOMOBILE INSURANCE FOR UNINTENTIONAL BIAS

FROM: KARIMA WOODS, COMMISSIONER

DATE: NOVEMBER 30, 2022

RE: REQUEST FOR COMMENT – DRAFT DATA CALL ON UNINTENTIONAL BIAS IN AUTOMOBILE INSURANCE

Continuing the work of the Department of Insurance, Securities and Banking (Department) in our review of private passenger automobile insurance for unintentional bias, the Department is sharing the attached draft data call and related information for review and comment. The data call consists of a spreadsheet requesting consumer-level information on quotes, applications and policies, and narrative questions. The data call’s objective is to gather information that will help the Department identify and address, if any, the potential harms indicated below:

Outcome Data	Consumer harm questions	Population
Quotes (\$)	Is a certain group being quoted higher prices?	Interested potential customers
Underwriting decision (decline/ accept/ tier/class)	Is a certain group declined more often, or more likely to be placed in an expensive tier/company?	Applicants
Premium (\$)	Is a certain group paying higher premiums?	Customers
Loss ratio (%)	Is a certain group charged more in premium, relative to the insurance losses they sustained?	Customers

The review of the data will seek to identify and address unintentional bias, if any, with a focus on race and ethnicity. The review of the data will also evaluate other criteria provided in the data call to determine which criteria will be used as control variables in the analysis.

To initiate the data call, the Department will issue a market conduct examination warrant that will require the data call information to be completed by all insurance groups identified in the warrant. The insurance groups listed in the warrant will be determined by the most recently available DC-specific information on private passenger automobile insurance premium written - the 2021 statutory annual statements.

According to those statements, the following insurance groups will be included in the warrant:

Group Code	Name
8	Allstate Insurance Group
473	American Family Insurance Group
12	American International Group
28	Amica Mutual Group
19	Assurant Incorporated Group
31	Berkshire Hathaway Group
33	California Casualty Management Group
626	Chubb Limited Group
244	Cincinnati Financial Group
1278	CSAA Insurance Group
213	Erie Insurance Group
69	Farmers Insurance Group
350	General Electric Group
91	Hartford Fire & Casualty Group
300	Horace Mann Group
215	Kemper Corporation Group
111	Liberty Mutual Group
785	Markel Corporation Group
361	Munich Re Group
140	Nationwide Corporation Group
155	Progressive Group
176	State Farm Group
88	The Hanover Insurance Group
3098	Tokio Marine Holdings Incorporated Group
3548	Travelers Group
200	United Services Automobile Association Group
98	WR Berkley Corporation Group

The Department requests that information be provided at the group level, *i.e.*, a single response from each group above, covering all companies in that group. Finally, the Department will request data for quotes originated, applications received, and policies issued between January 1, 2019 and December 31, 2021.

The Department would like to receive comments on:

- Additional data elements that should be considered for the data call, and the reasons why;
- Whether any data elements identified in the draft data call may be difficult to provide or comply with, and the reasons why;
- Whether there are other data elements that may be substituted for elements listed in the draft data call;
- Whether clarification is needed for any of the data call elements or questions;
- Any of the insurance groups listed, or not included in the list, above; and
- The time periods provided to the insurance groups to respond to the data call.

We also welcome additional observations about the data call and this process generally.

The Department will hold a call for interested party questions on January 9, 2023. Comments for all of the above should be submitted in writing to Associate Commissioner Philip Barlow at philip.barlow@dc.gov. Questions may be directed to the same email or by calling (202)442-7823. The deadline for comments is January 16, 2023.