



DC Insurance Department to Investigate Whether Auto Rates Are Unfair

Timothy Darragh

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WASHINGTON (BestWire) - The District of Columbia's **insurance regulator** will examine its processes for approving automobile insurance rates to determine if they include unintentional bias.

The **Department of Insurance**, Securities and Banking said it has hired O'Neil Risk Consulting and Algorithmic Auditing, a firm that helps organizations identify and manage algorithmic risks, to assist in the review.

"Big data and [artificial intelligence] are widely used in auto insurance, but their impacts on consumers are not fully understood," ORCAA Chief Executive Officer Cathy O'Neil said in a statement. "Setting up a common review framework for the industry can provide assurance to consumers and clarity to insurers."

The review will begin with a virtual public hearing on June 29 to solicit input from residents, subject matter experts and insurers selling private passenger auto insurance in the district, the statement said. The input will help shape the design and implementation of the review, it said. The DISB and ORCAA will then work with insurers to collect the necessary information.

ORCAA will analyze the data from the insurers and provide a report to help the DISB evaluate whether any unintentional bias exists in the use of underwriting and rating criteria, it said. The criteria may include credit scores, education, home ownership, occupation and marital status, it said.

If any needed changes are identified, the DISB will work with the insurers on an implementation plan.

"As part of our diversity, equity and inclusion efforts, DISB is proud to partner with ORCAA to evaluate whether consumers in the district may be adversely impacted by unfair or discriminatory practices," DISB Commissioner Karima M. Woods said in a statement.

The department statement did not suggest it has any preliminary evidence of bias in its regulation. An attempt to obtain further comment was not immediately successful.

A study done last year looking for signs of discrimination in the U.S. auto insurance industry came to a unclear conclusion and pointed to one thing "" that researchers need better data and support to determine whether insurance practices unfairly discriminate, panelists said Aug. 15 during the **National Association of Insurance Commissioners** Summer National Meeting (BestWire, Aug. 16, 2021).

The top five writers of all private passenger auto insurance in the District of Columbia in 2021, based on direct premiums written, were: Berkshire Hathaway Insurance Group, with 38.74% market share; State Farm Group, 14.73%; USAA Group, 10.62%; Progressive Insurance Group, 8.5% and Allstate Insurance Group, 7.2%, according to BestLink.

(By Timothy Darragh, associate editor, BestWeek: Timothy.Darragh@ambest.com)