



DISTRICT OF COLUMBIA INSURANCE FEDERATION

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Testimony of

District of Columbia Insurance Federation

Submitted to the

Department of Insurance, Securities and Banking

25 March 2019

Private Passenger Automobile
Insurance Premiums and Rating Factors

Good afternoon, Commissioner Taylor and members of the DISB team. Thank you for the opportunity to address this forum on Private Passenger Automobile Insurance Premiums and Rating Factors.

My name is Wayne E. McOwen. I represent the District of Columbia Insurance Federation (DCIF), a state insurance trade association whose members provide property, casualty, life and health insurance products and services in the District of Columbia. DCIF members include primary domestic and foreign insurance carriers, their agents and most of the national insurance trade associations, whose members collectively represent a significant share, if not a majority, of the industry. Accordingly, it may be said that the DCIF membership is the most representative of the insurance community doing business in the District of Columbia. As noted, our members represent a cross-section of the insurance industry, and a number of our members participate in the Private Passenger Automobile Insurance market.

The focus of my comments is not intended to represent the view or position of any particular insurance carrier. I do not speak for a specific insurer, nor am I intending to offer any measure of statistical analysis regarding rate history or the ratemaking process. I am not an actuary. But, my experience in the insurance industry spans five decades, fifteen of those years with direct involvement in the DC insurance market. Accordingly, my testimony is intended to provide a general overview of the Private Passenger market and the issues that affect the health of that market.

If experience in the District of Columbia has deteriorated, resulting in higher costs, consider these several contributing factors:

- The population of the District has increased dramatically over the past decade, resulting in greater congestion: There are more cars and more bicycles sharing**

the same roads; and more pedestrians and more motorized scooters crossing them, and not always in a crosswalk

- Issues related to the Metro system, and in particular the Safe Track program, which have persistently required certain lines to be shut down for examination and repair, has resulted in a greater influx of commuter vehicles on our roadways
- Technological advances for automobiles have brought increased safety but, at the same time, greater distractions: Hand-held smart phones have replaced installed telephone instruments, enabling texting while driving and accessing MAP apps to provide driving directions; GPS maps on installed navigation system screens and satellite radios with more selections accessible to drivers take eyes off the road
- Emergency braking systems, Blind Spot Warning and other advanced technologies can assist in mitigating collision incidents but significantly raise the cost of repairing/replacing such sophisticated equipment

Still, despite the influence of conditions that adversely affect experience, the DC Private Passenger Auto market is a highly competitive one, providing consumers with choice. One need only watch TV for a short time to be presented with an imaginative commercial, which invites DC consumers to purchase any number of Auto insurance products. In fact, twenty-nine insurers are listed on the DISB website as providing Private Passenger Auto Insurance for a population of 700,000. By comparison, the Commonwealth of Massachusetts, with a population ten times greater, has only a half dozen more insurers available to its seven million residents.

Although I cannot recite specific data, anecdotally, I am not aware of a level of pricing-related consumer complaints over the past several years that portray a

significant dissatisfaction with the availability of choice for DC Auto Insurance consumers. Moreover, the steady decline of population in the Assigned Risk Pool is further testimony to a robust voluntary market for Private Passenger Auto Insurance.

In summary, it can be said that District of Columbia consumers are provided with choice, offered by numerous insurers presenting professional underwriting expertise and the satisfaction of a consistently responsive claims system. The DC Department of Insurance can be very proud of achieving and maintaining a very healthy insurance market for its constituents.

Still, there are always ways to improve even the most efficient system. DISB's suggestion for exploring the possibility of establishing a standard, low-cost plan may be recognized by all stakeholders as an entrepreneurial approach to market enhancement, and the DCIF would be pleased to work with DISB to explore the practicality of, and potential for, such an enhancement.

Thank you for the opportunity to provide testimony on this matter. I would be pleased to receive and respond to any questions, comments regarding the above.