

Consumer Federation of America Survey Highlights the Competitiveness of the U.S. Auto Insurance Marketplace, the I.I.I. Says

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New York Press Office: (212) 346-5500; media@iii.org

NEW YORK, June 18, 2012—Low and moderate income Americans benefit from a highly competitive marketplace when purchasing the auto insurance coverage their state requires them to carry, according to the [Insurance Information Institute](#) (I.I.I.).

“The Consumer Federation of America (CFA) wants to know why the same person, with a good driving record, is receiving price quotes that vary so widely. The answer is simple. The markets for auto insurance are highly competitive. In addition, the experience of insurers in these markets will differ, leading insurers to price the risk of a prospective policyholder differently,” stated Dr. Robert Hartwig, president of the I.I.I. and an economist, responding to the CFA’s release today of a survey examining whether consumers were receiving price quotes for a state-mandated minimum liability insurance policy which the CFA deemed too high in 15 U.S. cities.

The CFA said that to conduct their research they created a composite 27-year-old man, and a 35-year-old woman, both single and with one dependent. The two prospective policyholders also had comparable incomes, educational backgrounds, good driving records, and had not filed any recent claims. Yet both of these individuals received price quotes ranging from less than \$700 a year, to more than \$1,900 annually, when seeking a state-mandated minimum liability insurance policy, according to the CFA. These policies provide coverage for what a policyholder is legally obligated to pay as the result of bodily injury or property damage he or she causes to another person. Bodily injury and property damage related insurance claims payouts are generally higher in U.S. cities as compared to suburban and rural communities, an issue the CFA chose not to explore or explain.

“More importantly, increases in the cost of auto insurance nationwide remain in line with the Consumer Price Index (CPI), rising by less than 3 percent so far in 2012,” Dr. Hartwig stated.

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Insurance Information Institute, 110 William Street, New York, NY 10038; (212) 346-5500; www.iii.org

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