



PROTECTING CONSUMERS.
PROMOTING TRANSPARENCY.
EMPOWERING CITIZENS.

June 15, 2017

Commissioner Ralph T. Hudgens
Georgia Office of Insurance and Safety Fire Commissioner
2 Martin Luther King Drive SE #716
Atlanta, GA 30334

Dear Commissioner Hudgens:

Earlier this month Consumer Federation of America sent you an [analysis of federal consumer expenditure data](#) showing that African Americans and Latino or Hispanic households spend more on auto insurance per vehicle than is spent on average by white households. In April, a [study published by Consumer Reports and Pro Publica](#) analyzed auto insurance premiums in four states and found that, even after accounting for loss history, “car insurance companies charge higher rates in some minority neighborhoods” and that there are “price differences that can't be explained by risk alone.” Data from recent studies also indicates that often minorities receive less coverage for the higher premiums that they pay. These findings amplify concerns that we have had about the high cost of auto insurance, especially for low- and moderate-income residents of Georgia, who are required by law to purchase coverage in order to drive.

We write not just to highlight our concern about the impact of auto insurance costs on families in Georgia, but also to urge you to take steps that will increase the information available regarding auto insurance pricing and practices. Gathering more information is a critical first step to determining how your Department and the legislature can ensure that premiums in Georgia are fair and affordable, especially for those of lesser economic means.

One immediate step you can take is to urge your colleagues at the National Association of Insurance Commissioners (NAIC) to complete its work on the Auto Insurance (C/D) Working Group by issuing a data call related to auto insurance affordability and auto insurance pricing practices. Five years ago, the NAIC established this Working Group with the charge to “review issues relating to low-income households and the auto insurance marketplace and to make recommendations as may be appropriate.” It has been too long without meaningful action from the NAIC, so, especially in light of the findings discussed above, we are asking you to help move this important data collection effort forward. The NAIC’s past lack of action opened the door for the Federal Insurance Office to



conduct its analysis, released earlier this year, which found that [18 million Americans live in ZIP Codes where state-required auto insurance is unaffordable](#). While that study provided important data, states could and should dig deeper into prices and practices in their own auto insurance markets. According to data from the Federal Insurance Office, almost 200,000 Georgians – more than 4% of the state’s population - may be affected.

The analyses and reports described above strongly suggest that auto insurance affordability and discriminatory pricing are serious concerns, and the drivers of Georgia need to know that you are doing everything in your power to understand the problem and address it.

We would welcome the opportunity to further discuss our concerns about the impact of auto insurance costs on families, and please keep us informed about progress at the NAIC as well as any efforts you plan to undertake directly to address these concerns.

Sincerely,

A handwritten signature in blue ink, which appears to read "Liz Coyle", is placed below the word "Sincerely,".

Elizabeth B. Coyle
Executive Director
lcoyle@georgiawatch.org