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POLICY & ACTION FROM CONSUMER REPORTS

April 5, 2017

Chlora Lindley-Myers, Acting Director
Missouri Department of Insurance, Financial Institutions and Professional Registration
301 W. High Street, Room 530
Jefferson City, MO 65101

Re: Request for investigation into methods of auto insurance pricing in Missouri

Dear Director Lindley-Myers,

Consumers Union, the policy and mobilization division of the nonprofit Consumer Reports, requests an investigation into the pricing practices of auto insurers in Missouri in light of the findings of a joint investigation released today by Consumer Reports and ProPublica, entitled *Car Insurance Companies Charge Higher Rates in Some Minority Neighborhoods*, available at CR.org/carinsuranceinvestigation.

Consumers Union has long advocated that auto insurance pricing be primarily based non-driving-related factors, such as a driver's safety record, miles driven, and skill level (years of driving experience). We remain concerned that the extensive use of non-driving rating factors such as education, occupation, credit score and zip code is driving up rates for good drivers who have clean driving records, and causing a disparate impact on low-income and minority drivers.

The research we are releasing today reveals substantial disparities in auto insurance prices between minority and non-minority neighborhoods. These disparities are wider than average risk can explain, raising questions about how insurers are setting auto insurance prices. The researchers found that more than half of the studied insurers doing business in Missouri were charging higher liability rates on average for the same safe driver in high-risk minority communities than in comparably risky white communities. It is unclear why these pricing disparities are occurring. Therefore, we are calling on your office to investigate whether insurers are accurately predicting and pricing risk in Missouri. Many consumers are already struggling to make ends meet without the extra burden of unfairly high auto insurance rates.

Thank you in advance for your prompt attention to this important consumer issue. If you have any questions, please contact me at ctetreault@consumer.org or 415-431-6747.

Sincerely,



Christina Tetreault
Staff Attorney
Consumers Union