

Rate Regulation in Personal Auto Insurance: Comparison of State Systems

This study examines state regulatory environments for personal auto insurance. Key measures of rate regulation are examined countrywide over time, across different regulatory systems, and across states. The report also looks at how the health of personal auto insurance systems varies by regulatory environment in terms of underwriting profitability, competitiveness, and residual markets.

The study finds that the processes to achieve approved rate filings for personal auto insurance grew more cumbersome countrywide and across regulatory environments from 2010 through 2023. Ultimately, these protracted processes are causing more disparity from timely and necessary rate increases by insurance carriers to achieve adequate rates and pushing the industry toward a less competitive landscape.

KEY FINDINGS FROM 2010 TO 2023:

The average number of days from request for a rate adjustment to approval has grown by 40 percent.



The number of filings withdrawn across all rate filings has grown by 40 percent.



The frequency of filings receiving less rate impact than requested grew by 10 points.



The severity of difference in Approved Rate Impact grew by 2 points.



- There were approximately 10,200 rate filings each year without much variance during the period.
- Market concentration (as measured by the Herfindahl-Hirschman Index, or HHI) has increased by approximately 9 percent.
- A strong-to-moderate correlation exists between net underwriting losses and Premium Shortfalls within states and across time.
- Filing process measures and market outcomes vary by regulatory systems.