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## IRC Survey Finds Support for the Use of Insurance Rating Factors

**ET, MALVERN, Pa., Sept. 12, 2023**—Most Americans agree U.S. insurers price personal auto and homeowners policies by using fair rating variables yet nearly half of them (47 percent) said paying for coverage was a challenge, a newly-released [Insurance Research Council](#) (IRC) survey found.

“Survey data shows overall positive attitudes towards rating variables, with variations across demographics,” the IRC’s report, *Public Perceptions Regarding the Fairness of Insurance Rating Factors*, stated. “In general, consumers were more favorable towards rating factors that are perceived to be directly related to the risk of the insured property (condition of the home, cost of rebuilding, miles driven, vehicle information, etc.). Consequently, consumers were less likely to rank fair on factors tied to the insured’s personal profile.”

Personal auto insurers are being fair with policyholders when pricing policies based on a driver’s previous traffic violations (85 percent), their claims-filing history (76 percent) and on information derived from telematics devices (75 percent), IRC survey respondents said. Telematics devices are installed in vehicles or on smart phones with the driver’s permission to track driving and vehicle patterns. Less than half of survey respondents felt it was fair for personal auto insurers to use a driver’s level of formal education (45 percent), gender (42 percent), and marital status (41 percent) when pricing a policy. Yet those were the only three—out of 14 rating variables—which did not secure majority support among survey respondents.

The rating variables used by homeowners insurers received even broader support, with all 19 factors deemed to be fair by sizable majorities, the IRC survey determined. The highest fairness scores came for homeowners insurers using factors such as safety systems, like smoke detectors, when pricing policies (86 percent). Considering a home’s overall physical condition (86 percent) and its square footage as well the quality of the home’s roof (80 percent) cumulatively was considered either very fair or somewhat fair. Survey respondents said it was either very unfair or somewhat unfair when homeowners insurers used rating variables from a connected device (39 percent), such as a security system, when pricing a policy. Having homeowners insurers assess the condition of surrounding buildings (38 percent) and the length of time a policyholder has remained with the same insurer (33 percent) were other factors deemed unfair by a plurality of survey respondents.

“Given how inflation and other factors have driven up the cost of auto and homeowners insurance in recent years, the Insurance Research Council was not surprised to learn that paying for these essential coverages has been a financial burden for a sizable number of Americans,” said Dale Porfilio, president, IRC. “Yet at the same time, consumers expressed widespread support in our survey for the fairness of the rating factors used by insurance carriers to price their auto and homeowners policies.”

The cost of auto and homeowners insurance was cited as either a major (12 percent) or somewhat major (35 percent) issue among the 1,500 adults asked about its impact on their household budget and who participated in the IRC’s online survey in May 2023, which was done with the assistance of Dynata, Inc.

The Insurance Research Council (IRC), affiliated with The Institutes, is an independent, nonprofit research organization supported by leading property and casualty insurance companies and associations. IRC provides timely and reliable research to all parties involved in public policy issues affecting insurance companies and their customers. IRC does not lobby or advocate legislative positions.