



NEWS RELEASE

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NYPIRG APPLAUDS NYS DEPARTMENT OF FINANCIAL SERVICES FOR CRACKING DOWN ON DISCRIMINATORY AUTO INSURANCE RATE SETTING PRACTICES

DFS Proposal Will Remove Education Level and Occupation as Factor in Consumer Auto Insurance Rates, May Save New Yorkers Hundreds of Dollars Annually

NYPIRG April 2014 Study and Letter to DFS Basis for Investigation

(Albany, NY) – NYPIRG applauded the state’s decision today to prohibit auto insurers from using an individual’s occupational status or educational level as factors when setting insurance rates. The practice is discriminatory – both education and occupation are highly correlated with race and ethnicity – and unrelated to driving risks.

“Auto insurance rates should be based on how you drive, not who you are,” said Russ Haven NYPIRG General Counsel. “With these regulations, New York is taking an important step to protect many low- and moderate-income New Yorkers from discrimination when purchasing auto insurance.”

In 2014, NYPIRG studied the issue and [released the first NY analysis of its kind](#), which found that, all else being equal, a driver without a college degree who works a “non-professional,” non-managerial job could pay anywhere from 19% to 41% more than a college educated professional, for the exact same coverage. In some cases, the driver with the better safety record still paid more if she had less education and worked a “lower status” job.

New York State’s auto insurance rates consistently rank among the most expensive in the nation. So, for millions of New Yorkers who are required by law to purchase at least minimum liability coverage, the cost of car insurance is an enormous financial burden.

Using driving related factors – safety record, years of driving experience, and annual miles driven – to set rates will increase fairness and incentivize safe driving habits. Other factors, like homeownership and credit history, which have nothing to do with driving ability, must also be addressed to ensure fair insurance rate setting.

NYPIRG is grateful that DFS acted on our 2014 report and request to eliminate these discriminatory factors and is pleased to see regulations that will move the industry towards a fairer rate setting structure.

Please find our full analysis here: http://www.nypirg.org/pubs/consumer/2014.4_NYPIRG-auto-insurance-analysis.pdf. NYPIRG April 3, 2014 letter to Ben Lawsky, Superintendent DFS calling for investigation here: http://www.nypirg.org/consumer/auto_insurance/NYPIRG-letter-to-DFS-4.3.14.pdf.

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