



OFFICE OF PUBLIC INSURANCE COUNSEL

Melissa R. Hamilton, Public Counsel

June 26, 2020

Delivery by Email

Kent Sullivan
Commissioner of Insurance
Texas Department of Insurance
333 Guadalupe St.
Austin, Texas 78701

Re: Request for Special Auto Data Call

Dear Commissioner Sullivan:

The Office of Public Insurance Counsel (OPIC) requests that the Texas Department of Insurance (TDI) conduct a special data call of the top 10 auto insurance groups in the state to gather information about personal auto claims during the pandemic. OPIC needs the data to fulfill its statutory duty to assess the impact of insurance rates on insurance consumers in Texas and to represent their interests. Insurance Code § 501.151.

Rate filing reviews need pandemic-specific data.

Since the beginning of the COVID-19 pandemic, OPIC has been monitoring the personal auto insurance market in the state to ensure that Texans pay fair prices for their insurance. These monitoring efforts include objecting to personal auto rate increases and tracking any premium assistance to policyholders, such as rebates and credits. OPIC has also provided individuals and small businesses with assistance through our website and social media applications.

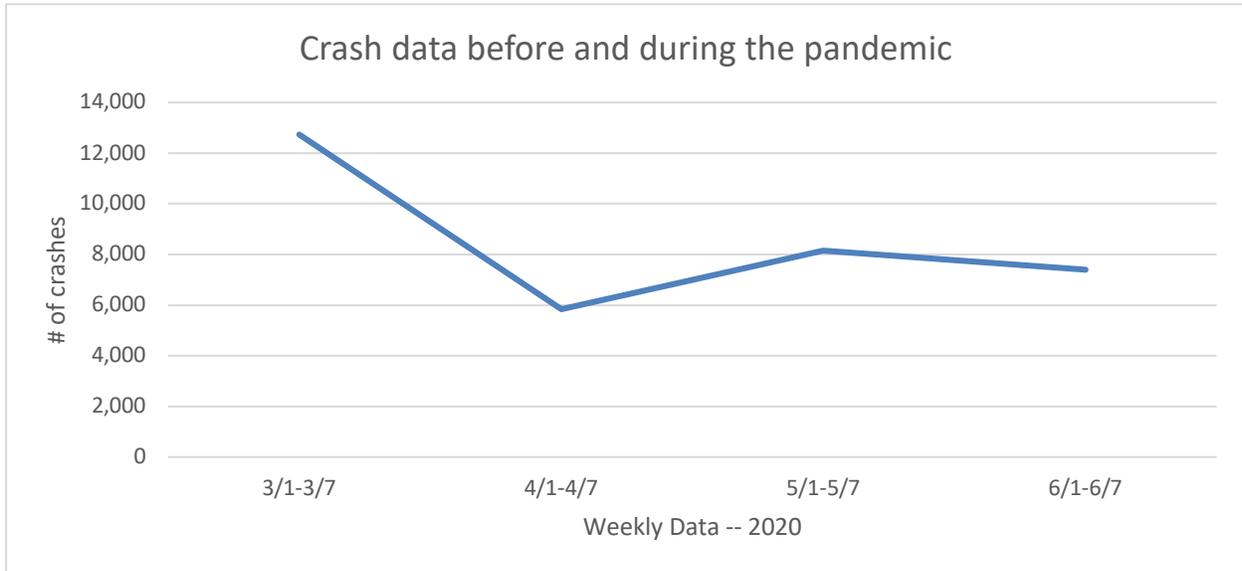
Because of the unprecedented nature of this pandemic and its impact on driving, combined with the way rates are normally filed and supported, OPIC's normal rate filing reviews may not be enough to ensure that auto insurance rates meet legal requirements and are appropriate, given the effect of the pandemic. Additional auto claims data would be a valuable resource to ensure effective and comprehensive monitoring of the Texas market.

Less driving means fewer crashes. A more complete picture of the market needs claims data.

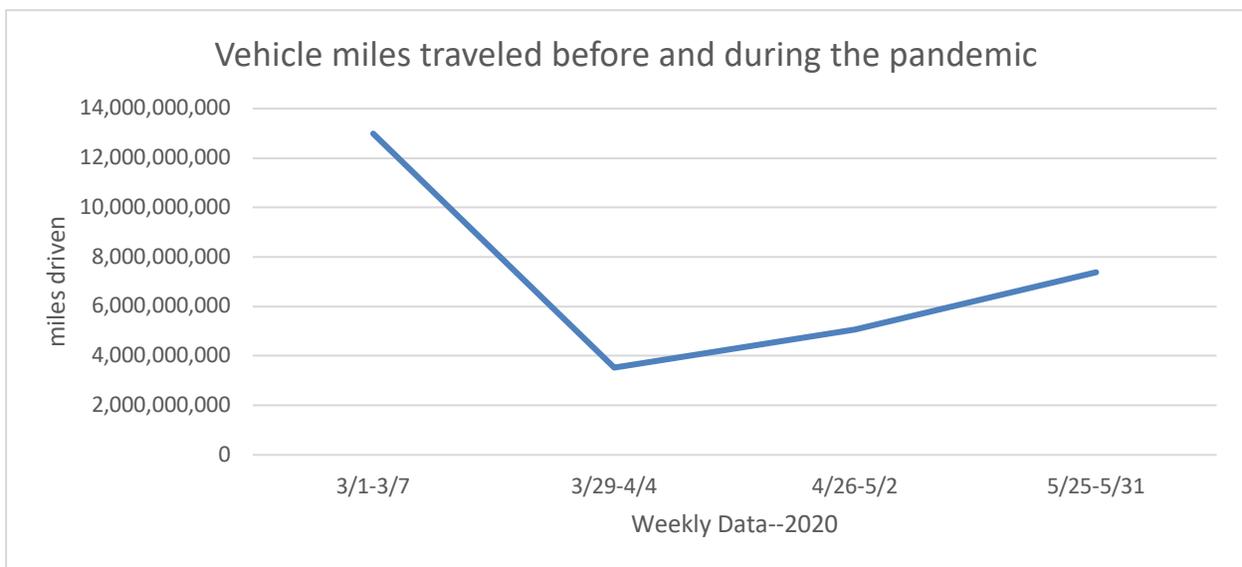
People are driving less, even as the state has reopened in phases. Less driving means less risk, which is evidenced by fewer crashes.

The Texas Department of Transportation Data (TXDOT) crash data for the first week in June, versus the first week in March 2020 (right before stay-at-home and other related measures were

implemented), shows that total vehicle crashes across the state declined by 42%.¹ The June TXDOT data is subsequent to significant reopening activity in Texas in May 2020.



OPIC also recently reviewed vendor data from Streetlight, which tracks the anonymized locations of millions of mobile phones and calculates total vehicle miles driven per day. According to that data, total vehicle miles driven in Texas, for the last week of May versus the first week of March 2020, declined 43.2%, even with the inclusion of Memorial Day in the May data.² This figure is reasonably consistent with the decline in vehicle crashes and reported claim reductions.



¹ Source: TXDOT CRIS System

² Source: Streetlight Data Inc. from anonymized cell phone mobility tracking

While crash and related data is helpful, it provides an incomplete picture of the current auto market in Texas. Recent rate filings by auto insurers have reported reductions in total claims consistent with this figure—but not all auto insurers have filed rates using pandemic data and there is a noticeable lack of specific data regarding the effects of the pandemic on insurers' losses. Without a data call, neither TDI nor OPIC can effectively monitor the real time effects of the pandemic on individual insurers and the market as a whole. We only have piecemeal data gleaned from observing varying approaches to policyholder relief.

Insurance ratemaking is prospective, which means that current premiums must reflect accurate estimates of loss experience occurring in the future. Clearly, no one could have predicted a decline in driving such as the one currently happening during this pandemic. Moreover, most of the historical data used in rate filings precedes the COVID-19 pandemic, which makes the historical data of dubious value when predicting driver behavior during and even after the pandemic.

Complying with rate standards requires pandemic data.

Insurance Code § 2251.052(a)(1) requires insurers to consider past and prospective loss experience when setting rates. Given the inapplicability of much of the historical auto insurance claims data to pandemic and, likely to post-pandemic, loss experience, current auto claims data is vital to ensure that the rates being filed during this time are reasonable and do not violate statutory rate standards. The current personal auto claims data will also assist OPIC to fulfill its statutory obligation to assess the impact of insurance rates on consumers.

For that reason, OPIC requests that TDI conduct a special data call of the top 10 auto insurance groups in the state by market share to obtain more real-time information on claim frequency.

OPIC requests a special data call.

The data call OPIC proposes is high level, and the data requested should be available without imposing an undue financial burden on the affected insurers. The data call is necessary to understand the current state of the auto insurance market and to ensure rates being filed during the pandemic comply with rate standards and consumers are adequately protected. The call would collect monthly claim counts for each major line of auto coverage—bodily injury liability, property damage liability, collision, and other than collision (comprehensive).

- The call could be issued initially by July 15, 2020, with an expectation that monthly claim data for January through June could be reported by July 31, and July claim counts by August 15.
- The data call would be ongoing and require the continued reporting of monthly claim counts, for each month, two weeks after the conclusion of that month. For example, September claim counts would be reported by October 15. Paid claim counts would be reported for all lines and arising claims counts for bodily injury liability only.
- The call would continue for the duration of the pandemic.

OPIC believes the collection of this data would be extremely valuable in evaluating the ongoing impact of COVID-19 on auto insurance losses, and necessary to ensure compliance with the rate standards in future filings. My staff and I are happy to discuss any further details about this proposal. If you have any questions, please do not hesitate to contact me. Thank you for your time and consideration.

Sincerely,



Melissa R. Hamilton
Public Counsel

cc: Mark Worman, Deputy Commissioner, Property and Casualty
Luke Bellsynder, Deputy Commissioner, Agency Affairs