



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE ATTORNEY GENERAL
ONE ASHBURTON PLACE
BOSTON, MASSACHUSETTS 02108

MAURA HEALEY
ATTORNEY GENERAL

(617) 727-2200
(617) 727-4765 TTY
www.mass.gov/ago

April 13, 2020

Commissioner Gary Anderson
Division of Insurance
1000 Washington Street, #810
Boston, MA 02118

Dear Commissioner Anderson:

We are writing to ask you to direct all automobile insurance companies in Massachusetts to immediately reduce personal auto insurance premiums paid by Massachusetts drivers. These reductions are needed to reflect the greatly decreased driving and accompanying decrease in accidents resulting from the coronavirus pandemic. Without a reduction, Massachusetts drivers will be overpaying for auto insurance at a time when many are already in difficult economic circumstances due to the national emergency.

There is already data showing a large decrease in travel in Massachusetts. As referenced in a recent New York Times article,^{1,2} travel in Massachusetts is down from the prior year period by about 50% to 55%.³ This reduction in travel occurred and continues to occur throughout the state, with every county having a significant reduction in travel compared to the previous year.

While data are not yet available regarding the reduction in Massachusetts automobile accidents resulting from a decrease in driving, an analysis for California indicated that a 60% reduction in driving has resulted in a 50% reduction in accidents. “The survey suggests that a 60% drop in traffic volume — when compared with the same period last year — accounts for a roughly 50% decline in collisions on roadways policed by California Highway Patrol.”⁴

¹ <https://www.nytimes.com/interactive/2020/04/02/us/coronavirus-social-distancing.html?referringSource=articleShare&fbclid=IwAR2DbiLDwMU9KJpDPfw3BaDQLQMfEDfT0rrjLBF-sJc-hVljNm7nLzY1G24>

² The article states “The divide in travel patterns, based on anonymous cellphone data from 15 million people, suggests that Americans in wide swaths of the West, Northeast and Midwest have complied with orders from state and local officials to stay home.”

³ https://www.cuebiq.com/visitation-insights-covid19/?utm_source=nyt&utm_medium=article&utm_campaign=organic

Many automobile insurance companies are recognizing the reduction in driving and the commensurate decrease in automobile accidents resulting from the current stay-at-home environment. For example, Allstate, American Family, GEICO and Liberty Mutual are reducing the premiums charged to policyholders because of this situation, in total by more than \$3 billion countrywide.^{5,6,7} Our office has continued to encourage other carriers to adopt reductions. A reduction in premiums is actuarially sound (it reflects the decrease in risk because of significantly fewer miles driven), and is socially and economically appropriate given the financial hardships facing policyholders.

In the current state of emergency, we believe all insurance companies should lower their premiums and all policyholders should receive a reduction in premium. California has already required insurers to do this. We request that you immediately send a notice to every insurance company writing personal automobile insurance in Massachusetts that requires a reduction in the premiums for all personal auto insurance coverages other than comprehensive sufficient to account for the current reduction in traffic and accidents, effective March 15 and remaining in effect until the substantial reduction in driving ends. Should a company object to this reduction, you should require the company to respond within seven days informing you of the company's objection, and then hold an expedited hearing to determine an appropriate premium.

We would be happy to work with your office to implement this urgently needed action. Thank you for your cooperation in this matter that is vital to the citizens of Massachusetts.

Sincerely,


Glenn Kaplan, Chief
Insurance & Financial Services Division

⁴ <https://www.latimes.com/environment/story/2020-04-01/coronavirus-stay-at-home-orders-have-reduced-traffic-accidents-by-half>

⁵ <https://www.yahoo.com/gma/auto-insurance-companies-returning-800m-premiums-during-covid-150206387.html>

⁶ <https://www.usatoday.com/story/money/cars/2020/04/07/allstate-american-family-insurance-coronavirus-covid-19-premiums/2959870001/>

⁷ While \$3 billion is a large amount, it is just somewhat over 1% of the total personal automobile insurance premiums charged by insurance companies.