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Report: Rhode Island Drivers Pay Among Highest Auto Insurance Costs in the Nation Due to Decade of ABARI-Supported Body Shop Legislation

New ABARI supported “bad faith” bill could cause Rhode Island personal auto insurance premiums to skyrocket by an additional \$215 per car

PROVIDENCE, RI – The Property Casualty Insurers Association of America (PCI) today released detailed reports on the impact of 17 pieces of legislation promoted by the Auto Body Association of Rhode Island (ABARI) that have become law since 2003, and the negative impacts of new ABARI supported “bad faith” legislation now before the Rhode Island General Assembly.

Decade of ABARI-Supported Legislation Continues to Take Its Toll on Rhode Island Auto Insurance Costs and Prices

PCI's [report](#) finds that the collective impact of 17 auto body shop bills passed over the last decade, all of which limit the ability of auto insurers to provide “checks and balances” in the claims process, is Rhode Island consumers paying among the highest auto insurance premiums and auto body repair costs in the nation:

- As a result of body shop repair and labor costs that continue to be higher and rising faster than other states, Rhode Island drivers are estimated to pay the 3rd highest average vehicle damage insurance premium in the nation.¹
- Overall, Rhode Island's average combined liability and physical damage premium is 6th highest in the U.S.²
- The annual premium paid by Rhode Island drivers is estimated to be \$689, compared to \$538 in the U.S. – a 28 percent difference.³
- Rhode Island annual premiums are also higher than those of nearby states: Massachusetts (\$662); New York (\$658); Connecticut (\$615); Vermont (\$490); New Hampshire (\$480); and Maine (\$441).
- Over the last decade, the average insured collision claim cost in Rhode Island has grown 15 percentage points faster than the average of the six nearby states.

“Our report clearly shows that a decade of special interest auto body shop legislation is hurting Rhode Island consumers who pay the highest auto insurance premiums in New England and some of the highest auto insurance premiums in the nation,” said Frank O'Brien, vice president of state government relations for PCI. “Unfortunately, premiums could go even higher for Rhode Island drivers if similar ABARI bills, now before the General Assembly, are adopted.”

Estimated Impact of Adverse Bad Faith Bills on Rhode Island Personal Auto Insurance Premiums

In addition to releasing its report on the impact of 10 years of ABARI supported legislation, PCI today also issued a [report](#) on the estimated impact of House Bill 5471, now before the General Assembly, which would allow for first- and third-party bad faith lawsuits against insurers.

⚡ If adverse first- and third-party bad faith bills had passed in Rhode Island in 2011, PCI's report estimates that annual, personal auto insurance premiums could have potentially increased by \$100.8 million for drivers in the state. That translates into an increase of roughly \$215 per insured car with liability and physical damage (i.e., collision and comprehensive) coverages.⁴

“House Bill 5471 will open up the floodgates to endless bad faith lawsuits, which will in turn result in skyrocketing premiums for Rhode Island drivers,” commented Frank O'Brien. “If this bill were to pass, Rhode Island drivers would likely pay the highest premiums in the nation. Put simply, Rhode Island consumers cannot afford this legislation, which has been demonstrated to increase costs in the six states that allow such lawsuits.”

Note: House Bill 5471 will be heard before the [House Committee on Corporations](#) on Tuesday, March 24th at 5:00pm in State House Room 203.

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[\[1\]](#) Vehicle damage includes collision, property damage liability and uninsured/underinsured motorist-property damage coverages.

[\[2\]](#) Data Source: NAIC, by permission. The NAIC does not endorse any analysis or conclusions based upon the use of its data.

[\[3\]](#) PCI, based on data source: National Association of Insurance Commissioners, by permission. The NAIC does not endorse any analysis or conclusions based upon the use of its data. Only the District of Columbia and Louisiana are found to have higher average vehicle damage premiums than Rhode Island.

[\[4\]](#) This PCI analysis uses results from a Berkeley Research Group study, “The Impact of Bad Faith Lawsuits in Florida and Nationwide” (2010) and earlier PCI research on the impact on six states with first-party bad faith laws. Both groups found large percentage increases in loss costs (i.e., costs per car) after the passage of bad faith legislation. These increases were applied to Rhode Island's premiums (for liability and physical damage [collision and comprehensive] coverages) to determine the potential impact of similar bad faith bills on this state. Collision and comprehensive coverage premiums are included in the analysis because body shops are expected to file bad faith lawsuits in small claims court. Data source: National Association of Insurance Commissioners (NAIC), by permission. The NAIC does not endorse any analysis or conclusions based upon the use of its data.

PCI promotes and protects the viability of a competitive private insurance market for the benefit of consumers and insurers. PCI is composed of nearly 1,000 member companies, representing the broadest cross section of insurers of any national trade association. PCI members write more than \$195 billion in annual premium, 35 percent of the nation's property casualty insurance. Member companies write 42 percent of the U.S. automobile insurance market, 28 percent of the homeowners market, 33 percent of the commercial property and liability market and 35 percent of the private workers compensation market.

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