

Auto Insurance Premiums Rising Slowly

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<?xml version="1.0"?> Auto Insurance Premiums Rising Slowly Diane Levick The Hartford Courant, Conn. McClatchy-Tribune Regional News

Nov. 6--Connecticut has the 11th highest auto insurance premiums in the country but, like other states, benefited in recent years from a slight decline in average policy costs, according to a new report from the National Association of Insurance Commissioners.

That trend is starting to reverse, but increases so far have been relatively modest on average, experts say.

The average premium per vehicle for a policy that includes liability, collision and comprehensive coverage was \$1,080 in Connecticut in 2006, the most recent data in the association's report released Wednesday. That compares with \$1,097 in 2005.

The association warns against comparing premiums state-to-state because of variations in insurance requirements and laws, accident rates and repair costs. But comparisons are often cited in public policy debates about auto insurance reform, and the data serve as a barometer of premium pain.

The national average premium was \$937 in 2006. Washington, D.C., topped the list at \$1,316, and Iowa came in cheapest at \$644. More data from the report is available online at www.naic.org/press_home.htm.

Connecticut Insurance Commissioner Thomas R. Sullivan noted that the report shows Connecticut had an average 1.5 percent premium decrease in 2006. From 2002 to 2006, premiums rose 1.6 percent here but 4.5 percent nationally.

"The number of companies in our auto insurance market continues to grow, and Connecticut residents continue to reap the benefit of competition," Sullivan said.

However, auto insurance premiums have started rising again as insurers act to protect profit margins.

Though the frequency of accidents declined, insurers have seen the average cost of claims rise along with increases in medical costs and the price of materials such as steel, aluminum and plastic needed for auto repair parts, said Robert P. Hartwig, president and economist at the industry's Insurance Information Institute.

Insurance costs were flat to slightly down in 2006, and nearly flat in 2007. "What we saw as we moved through 2008 was some signs of increasing prices for auto insurance, though not dramatically so," Hartwig said. Nationwide, motor vehicle insurance costs were 3.1 percent higher in September than a year ago, according to consumer price index data from the U.S. Department of Labor.

The average rate increase in Connecticut, based on 34 companies that filed for changes, is 2.5 percent so far this year, the state Insurance Department says. The average for 2007 was 1.48 percent, based on 43 company rate filings. Not all consumers are affected, though, because many companies don't change rates every year or may lower rates while others are raising them.

Read a summary of the association's report on auto insurance premiums at courant.com/autoinsurance.

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