

Insurance Times: Mass. auto insurers defend rate hike bid

September 17, 2002, Vol. XXI No. 19

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Insurance Times

BOSTON — Massachusetts auto insurers' drive for a 7 percent rate hike in 2003 drew expected opposition last month from both the State Rating Bureau and the Attorney General's Tom Reilly.

"The increase is unjustifiable," said Assistant Attorney General Matt Buehler, who appeared on Reilly's behalf and read from prepared remarks during the Rate Case public hearing on Aug. 29 in Boston.

"It unfairly shifts unnecessary costs onto drivers and their families and fattens the bottom line of many already healthy insurance companies," he said.

Both groups also oppose MAIA's corresponding request for a jump in per vehicle commissions to \$124.61 from \$111.50.

"Together, the rate increase requests of the (Automobile Insurers Bureau) and the (Massachusetts Association of Insurance Agents) result in a rate increase of 8.4 percent," SRB director Wayne Perkins said from a written statement.

"Such a rate would an excessive rate not permitted under Massachusetts law."

AIB President Daniel Johnston defended his organization's request for a 7 percent rate increase, citing a 20 percent increase in glass claims this year and the at-fault accident rate inching "upward for the second straight year."

In addition, Johnston said, the state needs better rates because companies continue to leave, dropping from over 70 in the 1970s to 22 today.

Commissioner Julie Bowler presided over her first rate case hearing as commissioner, and Johnston played into that while asking her to seriously consider a rate hike.

"...As you exert your own form of leadership upon this process for the first time, all we ask is that you set a rate that brings stability to the market, and preserves the much needed capital that is currently dedicated by the remaining companies to servicing the consumers of the Commonwealth," he said.

This year, no politicians attended the rate case hearing.

Once again, however, representatives from the Massachusetts Auto Body Association and the Central Massachusetts Auto Rebuilders Association testified about perpetually low body shop repair rates.

The representatives asked Bowler, if she granted a rate hike, to try and find a way to tie the hike into nudging insurers to pay higher labor rates, which they said continue to remain too low and are now at crisis levels.

Bowler, unlike her predecessor Linda Ruthardt, asked both representatives to submit more statistical information.

Among others who testified, Michael Najjar of the Massachusetts Academy of Trial Attorneys argued against a rate hike on bodily injury coverages (requested by the AIB).

Najjar also asked insurers to help "protect our forests" by "curbing their attorneys' lusts for Keeper of Record depositions that usually garner nothing more than a whole new set of the same materials already possessed by the insurer (during claims cases), often twice over."