

# Mass. AG insists auto rates remain flat for 2004 while SRB suggests slight hike

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BOSTON — The State Rating Bureau filed a recommendation with the Mass. Division of Insurance for a 3 to 4 percent increase in auto insurance rates for 2004.

This news comes on the heels of a filing by Mass. Attorney General Tom Reilly for a zero increase, which opposes an earlier request by the insurance industry for a 12 percent increase.

Kevin Beagan of the SRB pointed to data from 2002 that he said indicates a need for a modest increase in order to maintain rate adequacy in the marketplace.

“Both bodily injury and personal injury claims frequency jumped by the largest percentages since 1988 and the average loss payments per vehicle are rising by about 2.5 percent per year,” he said.

AG Reilly said he thought more evidence needed to be provided to justify an increase, given the current economic climate.

AG Reilly said he and his staff analyzed the numbers for several weeks and came to the conclusion that status quo was the way to go.

“The industry should not be allowed to raise rates unnecessarily, especially when families are struggling through a difficult economy,” he said.

AG Reilly estimated that the industry’s request for a 12 percent rate hike would result in half a billion dollars in additional charges to drivers.

The SRB said its rate request, if approved, would reduce the insurers’ request for \$123 per vehicle by \$82 to \$92 per vehicle.

Insurance Commissioner Julianne M. Bowler has until December 15 to consider the requests of the industry, the AG and the SRB. □