

PENNSYLVANIA INSURANCE DEPARTMENT

CALL FOR 2022 PENNSYLVANIA PERSONAL AUTOMOBILE EXPERIENCE

INSTRUCTIONS FOR PART 3

INTRODUCTION

The information requested in Part 3 will enable the Pennsylvania Insurance Department (Department) to gain a better understanding of the potential impacts of any statutory increase to the minimum limits for motor vehicle insurance in Pennsylvania.

The following insurers must respond to this data call:

| <u>NAIC#</u> | <u>Company Name</u> |
|--------------|---|
| 25178 | State Farm Mutual Automobile Insurance Company |
| 26271 | Erie Insurance Exchange |
| 29688 | Allstate Fire and Casualty Insurance Company |
| 11851 | Progressive Advanced Insurance Company |
| 32786 | Progressive Specialty Insurance Company |
| 14137 | GEICO Secure Insurance Company |
| 14138 | GEICO Advantage Insurance Company |
| 36447 | LM General Insurance Company |
| 12484 | Liberty Mutual Personal Insurance Company |
| 23760 | Nationwide General Insurance Company |
| 37877 | Nationwide Property and Casualty Insurance Company |
| 23787 | Nationwide Mutual Insurance Company |
| 19062 | Automobile Insurance Company of Hartford, CT |
| 19704 | American States Insurance Company |
| 25968 | USAA Casualty Insurance Company |
| 41491 | GEICO Casualty Company |
| 25941 | United Services Automobile Association |
| 36161 | Travelers Property Casualty Insurance Company |
| 14990 | Pennsylvania National Mutual Casualty Insurance Company |
| 37834 | Progressive Preferred Insurance Company |
| 25405 | Safe Auto Insurance Company |
| 21687 | Mid Century Insurance Company |
| 19658 | Bristol West Insurance Company |
| 11252 | Encompass Home and Auto Insurance Company |
| 22906 | Permanent General Assurance Corporation of Ohio |

This premium impact survey is very similar to the one conducted last year as Part 4 of the call for 2021 personal auto insurance data. Changes from last year's premium impact survey are as follows:

- It is now Part 3 instead of Part 4 (as we are not repeating part 3 of last year's data call);
- Motorcycles are not included;

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- The At-Fault Accident to be reflected in pricing scenarios 13-24 is now a property damage liability loss instead of a collision loss;
- Premiums are being requested by coverage and limit; and
- Physical damage coverage is excluded from all quotes.

GENERAL INSTRUCTIONS FOR COMPLETING PART 3

Part 3 of this data call consists of one file with two worksheets requesting premiums on a by-coverage and by-limit basis for specific risk profiles.

The two worksheets are Part 3A – Split Limits and Part 3B – Combined Single Limit.

The coverages and limits for which premiums are requested are listed at the top of columns G through O in Part 3A and columns G through M in Part 3B. They are as follows:

Part 3A

- 15,000 / 30,000 Bodily Injury Liability
- 30,000 / 60,000 Bodily Injury Liability
- 5,000 Property Damage Liability
- 10,000 Property Damage Liability
- 5,000 Basic First Party Benefits
- 15,000 / 30,000 Uninsured Motorist
- 30,000 / 60,000 Uninsured Motorist
- 15,000 / 30,000 Underinsured Motorist
- 30,000 / 60,000 Underinsured Motorist

Part 3B

- 35,000 Combined Single Limit
- 70,000 Combined Single Limit
- 5,000 Basic First Party Benefits
- 35,000 Uninsured Motorist
- 70,000 Uninsured Motorist
- 35,000 Underinsured Motorist
- 70,000 Underinsured Motorist

The same 24 pricing scenarios that were requested last year are requested again this year. They are listed in columns A through E, rows 4 through 28 in Parts 3A and 3B. These 24 pricing

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scenarios were generated by the risk profiles using the following ages, credit scores, garaging addresses, and accident histories:

- Ages 21, 40 and 75
- Average credit and poor credit
- Philadelphia county and remainder of state
- No accident history and one at-fault accident

3 ages x 2 credit scores x 2 garaging addresses x 2 accident histories = 24 pricing scenarios.

These 24 pricing scenarios are further defined as follows:

- 1) Average Credit means the median credit score value returned by the credit model used by the insurer.
- 2) Poor Credit means the 10th percentile credit score value returned by the credit model used by the insurer.
- 3) Philadelphia county means the median territory rating value for all garaging addresses in Philadelphia county.
- 4) Remainder of State ("R.O.S.") means the median territory rating value for all garaging addresses outside of Philadelphia county.
- 5) 1 Chargeable AFA means one at-fault accident two years ago with a property damage liability loss payment of \$5,000. (The insured's own vehicle was repaired at the insured's own expense.)
- 6) The policyholder is assumed to drive a four-door 2018 Honda Accord EX 10,000 miles per year. The risk is assumed to drive 15 miles to work three days per week.
- 7) No accident history means the driver, policy and vehicle have no prior accident or damage history.
- 8) The policyholder has a one-vehicle policy and also has a renter's policy. The renter's policy is with the same insurer for those insurers offering renters policies and with the same agent for those insurers that are not direct writers.
- 9) The policyholder has no motor vehicle violations.
- 10) The policyholder has no criminal history.
- 11) For those insurers that consider education, the policyholder does not have a four-year (or greater) degree. The insurer should use the median value for the remaining education classifications.
- 12) For those insurers that consider occupation, the insurer should exclude the 50% of classifications with the lowest rating values and use the median value of the remaining occupations.
- 13) The policyholder has been with the insurer for three years and has maintained the same coverages and limits since original policy inception.
- 14) The 21-year-old driver was on their parent's policy prior to initial policy inception.
- 15) The 40 and 75-year drivers had the same coverages and limits on their prior policy with their prior insurer.

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- 16) There have been no lapses in coverage.
- 17) The 21-year-old driver is assumed to be single.
- 18) The 40- and 75-year-old drivers are assumed to be married.
- 19) The policyholder does not participate in any usage-based insurance / telematics program offered by the insurer.
- 20) The quoted premiums should be for a policy renewing in 60 days.
- 21) For all other classifications and considerations not listed, the insurer should use the most common classification or consideration for policies with the same coverages and limits. Where this cannot be determined, the insurer should use its best judgment as to what it believes to be the most common classification or consideration for policies with the same coverages and limits.
- 22) For insurers that do not make available for purchase a limit that is listed, the insurer should provide its best estimate using interpolation and/or limit factors on file in other states.

Note: A single premium must be provided for each requested entry. Ranges are not acceptable. Additionally, if you write non-annual policies, then please convert the premiums to an annual basis (e.g. double the semi-annual premiums).

If you do not write combined single limits, then you only need to respond to Part 3A – Split Limits. If you do not write split limits, then you only need to respond to Part 3B – Combined Single Limit.

Questions about Part 3 can be directed to Mike McKenney, Property & Casualty Actuarial Supervisor, at mmckenney@pa.gov or 717-705-0166.

Conference Call Opportunities

The Department will hold three conference calls to provide insurers a brief overview of Part 3 of this data call and the opportunity to ask questions. These conference calls will be held on the following dates and at the following times:

- Tuesday, August 8, 2023, at 1:00pm Eastern
- Tuesday, September 5, 2023, at 1:00pm Eastern
- Tuesday, October 3, 2023, at 1:00pm Eastern

Participation is optional. To sign-up, please email Mike McKenney, Property & Casualty Actuarial Supervisor, at mmckenney@pa.gov, use “Part 3 Call Sign-Up” in the subject line and indicate which date you wish to attend. You will then receive a meeting invitation.

SUGGESTIONS FOR REVIEWING RESPONSE DATA FOR ACCURACY:

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1. For each coverage, higher limit premiums should be more than lower limit premiums for otherwise identical risks.
2. Poor credit premiums should not be less than average credit premiums for otherwise identical risks.
3. Philadelphia premiums should not be less than R.O.S. premium quotes for otherwise identical risks.
4. 1 Chargeable AFA premiums should not be less than no accident history premiums for otherwise identical risks.