

# **Please VOTE YES on HB 11, so automobile insurers can improve their risk-based underwriting for the benefit of insurance consumers.**

## Summary of bill:

HB 11 amends state law to allow an insurer the *option* of not renewing an automobile insurance policy, if the motor vehicle is registered in a jurisdiction other than Idaho. The bill does *not* allow for the cancellation of the automobile insurance contract during the policy term, even if there is a mid-term change in the jurisdiction of the motor vehicle registration.

## Reasons to VOTE YES of HB 11:

- **The proposed legislation is business-friendly and insurance consumer-friendly** – The very concept of insurance is risk of loss sharing; therefore, insurers engage in risk-based underwriting to provide consumers with fair and accurate insurance rates. Current state law prohibits an auto insurer from not renewing an Idaho automobile insurance policy if the consumer registers the motor vehicle in another state, even if the insurable risk of loss exposure is considerably higher in that other state. Consequently, insurers are hindered in their ability to provide consumers with what they want - rates that thoroughly and accurately reflect the consumer's risk of loss exposure. HB 11 would remedy this avoidable underwriting problem.
- **HB 11 is reasonable and consumer protection oriented** – The proposed legislation *only* applies to automobile insurance policy *renewals*, so insurance consumer will *not lose* automobile insurance coverage mid-term, before the consumer has had a reasonable opportunity to procure new automobile insurance coverage.
- **The proposed legislation will encourage and facilitate “niche” market completion for auto insurance renewals** - Since the automobile insurance marketplace is vibrant and auto insurer competition for consumers is robust in the state of Idaho, there is likely to be a significant number of automobile insurers willing to develop a marketing niche insuring motor vehicles registered in another state.
- **HB 11 will not unfairly impact insurance consumers who register their vehicle in another state** - The insurance consumer always has the option of purchasing automobile insurance coverage in the state where the vehicle is registered. If the person is willing to register a car in another state and give that registration fee to another state's government, that person should also be okay with purchasing auto insurance in that state.
- **The proposed legislation will help insurers maintain the affordability of automobile insurance coverage for Idaho residents** – HB 11 will protect Idaho insurance consumer, who register and operate their motor vehicle within the state, from having to *subsidize the automobile insurance rates* of consumers who want to “game the system” by purchasing Idaho automobile insurance for a vehicle they register and use in another state that has higher insurance costs.

**Please VOTE YES on HB 11, because it promotes fair and accurate risk-based automobile insurance underwriting, which benefits citizens of the State of Idaho.**

Prepared by: Christian J. Rataj of the National Association of Mutual Insurance Companies (NAMIC) as written testimony for committee hearing. NAMIC is the largest and most diverse property/casualty trade association in the country, with 1,400 regional and local mutual insurance member companies serving more than 135 million auto, home, and business policyholders and writing in excess of \$196 billion in annual premiums that account for 50 percent of the automobile/ homeowners market and 31 percent of the business insurance market. More than 200,000 people are employed by NAMIC member companies. NAMIC has 134 members who write P. & C. Insurance in the State of Idaho, which represents 40% of the marketplace.