

Beacon Hill Byline by Mary Rogeness

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Managing Car Insurance

When I first moved to Massachusetts, I updated my address with the Post Office, changed my address on magazine subscriptions, and called my insurance agent with the change of address. But that change of address meant that I had to find a new insurance company. My old company did not do business in Massachusetts. It had withdrawn from our state's heavily regulated system.

Over many years since then, many national insurance companies have refused to enter the auto insurance market in our state, but change is on the way. Some of those companies are returning as this week, beginning on April 1, Massachusetts introduces competition to our car insurance market.

Previously, the rates were established by the state, placing drivers in rigid categories. Many factors went into the rates. The garage site of the car held a significant place in each rate, charging excellent drivers high prices simply because they lived in a city. If you moved from Converse Street to Georgetown, your rates jumped. Even with those high rates, urban drivers had their rates subsidized by other drivers. Surcharges for accidents or other violations were set in statute. It did not much matter who sold your insurance; rates were rates, and the price hardly varied.

How are things changing? Companies are now free to set rates based primarily on experience and driving record, once those rates gain approval from the Division of Insurance. The system is called "managed competition" because it is not a completely free market. For example, urban drivers will still be subsidized, and credit and socio-economic information cannot be considered.

Rate proposals were evaluated by the Commissioner. As new rates gained approval, they were seen to be generally lower than last year's rates. According to Insurance Commissioner Nonnie Burnes, nearly half of consumers can see a rate reduction exceeding 10%. More than half have a 5% reduction, and the rules state that nobody will have a rate that increases more than 5%.

If your insurance contract expires, in April or beyond, you will benefit from the new insurance system. Costs that used to be fixed will now be variable as you deal with innovations that different insurance companies offer. The state provides an interactive website that gives general cost estimates under the new plan. Go to www.mass.gov/autorates and enter basic profile information. The site then provides cost comparisons for some two dozen companies.

The website site must be getting a lot of use. When I checked it out today, I had to try a couple of times because it seemed to be overloaded. Once I succeeded in getting through, I found sample premiums to insure one car that varied by more than \$100.

The site clearly states that the premiums are only *sample* information. It refers you to an agent for every company and lists some special discounts offered by each one.

Massachusetts tried to deregulate insurance 30 years ago, and the experiment failed because of sharp increases to some residents. The new program has been entered cautiously, working to forestall such troubles. I hope that you will use the assistance offered by the state and work with your agent to make the new system work for you. It's past time for Massachusetts to join the other 49 states in allowing car insurers to compete for our business.