

BENJAMIN J. CAYETANO
GOVERNOR



KATHRYN S. MATAYOSHI
DIRECTOR

MAZIE K. HIRONO
LT. GOVERNOR

STATE OF HAWAII
INSURANCE DIVISION

DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS
P. O. BOX 3614
HONOLULU, HAWAII 96811-3614
250 S. KING ST., 5TH FLOOR
HONOLULU, HAWAII 96813

WAYNE METCALF
INSURANCE COMMISSIONER

PRESS STATEMENT
FOR IMMEDIATE RELEASE

CONTACT: Wayne Metcalf, Insurance Commissioner
Insurance Division
Department of Commerce & Consumer Affairs
586-2799

Seven Auto Insurers Agree to Remove Illegal Rating Criteria, Others Continue to Contest Violations

HONOLULU – April 3, 2002 – Insurance Commissioner Wayne Metcalf announced today that seven of the State's largest auto insurance companies under investigation for using prohibited criteria to determine premiums have agreed to pay fines totaling \$115,500. The seven companies: AIG Hawaii, Allstate Group, RLI, Maryland Casualty Company (Zurich), Hartford, State Farm Group, and USAA Group, represent nearly 60% of the State's auto insurance market. The investigations of four other companies: TIG, HIG, DTRIC, and Progressive, which represent about 10% of Hawaii's market, are pending resolution.

The major companies that were found to be in compliance with Hawaii law include Island Insurance, GEICO, First Insurance, and Liberty Mutual.

"Hawaii has a clear law that prohibits auto insurers from using discriminatory criteria when determining the premiums motorists are charged," Metcalf said. "Insurers cannot base any part of a person's premium on account of their race, creed, ethnic extraction, age, sex, length of driving experience, credit bureau rating, marital status, or physical handicap. The court has affirmed the applicability of the anti-discrimination law in a case where Allstate Insurance Company was using a person's length of driving experience when charging premiums."

-M-O-R-E-

The Insurance Division initiated its investigation in August 2001, when it was reported that State Farm owned insurance companies were using credit bureau information as a factor in determining policyholders' premiums.

AIG Hawaii Insurance Company has paid a \$20,000 fine for using age and credit bureau rating to underwrite or rate auto policies.

Allstate Group has paid a \$20,000 fine for using length of driving experience and credit bureau rating to underwrite auto policies. Allstate continues to pursue its appeal to the Hawaii State Supreme Court for similar underwriting violations dating back to before 1997.

Hartford Underwriters has paid a \$10,000 fine for using length of driving experience and physical handicap to underwrite or rate auto policies.

Maryland Casualty Company (Zurich) has paid a \$10,000 fine for using age, length of driving experience, and physical handicap to underwrite or rate auto policies.

RLI Insurance Company has paid a \$5,500 fine for using length of driving experience to underwrite auto policies.

State Farm Group has paid a \$40,000 fine. State Farm used a number of prohibited factors to base their underwriting standards, all of which were withdrawn from use by November 2001.

USAA Group has agreed to pay a \$10,000 fine and has begun a restitution plan to repay affected consumers. The restitution plan is currently valued at about \$100,000. USAA has admitted to using age and length of driving experience to underwrite auto policies.

The Hawaii Insurance Division oversees the insurance industry in Hawaii; issues licenses; examines the fiscal condition of Hawaii-based companies; reviews rate and policy filings; and investigates insurance related complaints and prosecutes motor vehicle insurance fraud cases.

###