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Treasury's Federal Insurance Office Announces Adoption of Methodology for Monitoring the Affordability of Auto Insurance

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WASHINGTON – The U.S. Department of the Treasury's Federal Insurance Office (FIO) today **announced** the adoption of a methodology for monitoring the affordability of automobile insurance. Title V of the Dodd-Frank Wall Street Reform and Consumer Protection Act authorizes FIO to monitor the extent to which traditionally underserved communities and consumers, minorities, and low- and moderate-income persons have access to affordable insurance products regarding all lines of insurance other than health insurance.

"Access to affordable auto insurance is crucial for consumers who commute to work, drive kids to school, and meet the needs of their families," said Michael McRaith, Director of the Federal Insurance Office. "This new methodology reflects important feedback FIO has received from a number of key stakeholders, and it is a meaningful step toward better understanding the affordability of auto insurance for consumers and underserved communities all across the country."

In April 2014 and July 2015, FIO sought comments regarding the methodology from stakeholders, including state insurance regulators, consumer organizations, representatives of the insurance industry, policyholders, and academics, among others. After carefully considering all the comments received, along with additional research and consultation, FIO has adopted a method to measure the affordability of automobile insurance. FIO will determine affordability using an affordability index calculated by dividing the average annual personal automobile liability premium by the median household income for ZIP Codes identified as being majority-minority or majority-LMI.

FIO will study the affordability of automobile insurance using the methodology annually. FIO will also obtain and analyze aggregated premium data and will use data publicly available through the U.S. Census Bureau.

The Federal Register notice can be found [here](#). For more information on FIO visit www.treasury.gov/initiatives/fio.

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