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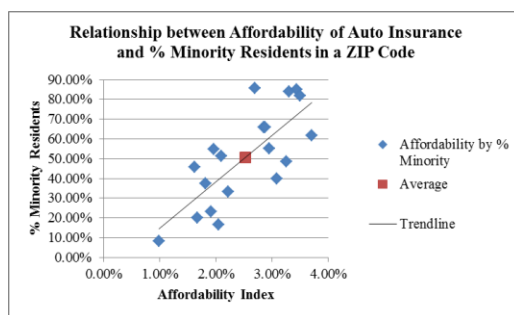
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One-in-Five Western New Yorkers Lives in a ZIP Code Where Auto Insurance is Unaffordable

The U.S. Treasury Department’s Federal Insurance Office (FIO) recently released a report, “Study on the Affordability of Personal Automobile Insurance,” underlining what we have known for years: auto insurance, a requirement for drivers in 49 states and the District of Columbia, is too costly a burden for low- and moderate-income (LMI) Americans to afford. These 18.6 million people live in 845 underserved ZIP codes across the country, with 5.2 million residing in New York. In the Buffalo-Niagara region alone, nearly 200,000 western New Yorkers live in ZIP codes where auto insurance costs make up 2% or more of their annual income, the FIO’s threshold for auto insurance affordability.

Based on independent research carried out by the Western New York Law Center, a 30 year-old unmarried woman with a clean driving record and an advanced educational degree, living in ZIP code 14211—an underserved ZIP code according to the FIO’s report—could pay \$120 each month for the state’s minimum liability auto insurance coverage. This is over 6% of the ZIP code’s annual median household income in 2015. By comparison, the same driver, living in ZIP code 14075, might pay \$78 a month, or less than 1.5% of the ZIP code’s 2015 annual median household income. Furthermore, the disparities in pricing have a disproportionate impact on drivers of color. For example, in 14211, nearly 82% of the residents are people of color; in 14075, however, only 5% are people of color.

The FIO report indicates that a quarter of the ZIP codes in the Buffalo-Niagara Metropolitan Statistical Area (MSA) are “traditionally underserved.” Of those, thirteen ZIP codes exceed the FIO’s 2% threshold of unaffordability for auto insurance. Importantly, researchers at the Western New York Law Center analyzed the FIO’s results, finding that the higher the proportion of minority residents in a given ZIP code, the more unaffordable auto insurance is in that ZIP code.



When auto insurance premiums are prohibitively priced, some drivers are forced out of career or educational opportunities that would benefit not only them, but their entire community. Consumers, advocates, legislators, and regulatory agencies must work together to ensure that everyone who needs a car can afford to drive it legally, thus making us all safer on the roads.

One necessary step in the process of making auto insurance premiums more affordable to lower-income drivers is to address the trend among insurers of pricing on the basis of various socioeconomic factors rather than on driving history. Currently, the data suggests that rating factors like education and occupation are used as proxies for prohibited rating factors such as income and race. The Western New York Law Center has been active in advocacy work on this issue for several years through partnership with various groups including Empire Justice, New Yorkers for Responsible Lending, New York Public Interest Research Group, and the Consumer Federation of America, engaging with both the New York State Department of Financial Services and statewide legislators. New York State Assembly-member Crystal Peoples-Stokes (NY State Assembly District 141) has introduced legislation to address the issue of unjust pricing practices in New York State, a piece of legislation that would take a necessary step towards ensuring fair premiums for lower-income drivers in New York.

“In a region where wage workers rely heavily on cars to get to and from work, it is imperative that auto insurance is accessible and affordable,” said Thomas Keily, Consumer Data and Research Coordinator at the Western New York Law Center. “Part of the process of making auto insurance accessible and affordable is to ensure that drivers are priced based on how they drive rather than on unrelated factors such as their education or occupation. The Western New York Law Center applauds the Federal Insurance Office on establishing an affordability standard for personal auto insurance and calls on state lawmakers and regulators to act to ensure that all drivers are priced fairly and at a rate they can afford.”

For additional information on the affordability of auto insurance in western New York, how auto insurance pricing practices affect western New York drivers, and the Law Center’s Letter to the Federal Insurance Office, please visit our website (http://wnylc.com/?page_id=87526).