

# Congress of the United States

Washington, DC 20515

June 24, 2026

Director Steven E. Seitz  
Federal Insurance Office  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

Dear Director Seitz:

Personal liability auto insurance is one of the only insurance products required in 49 states and the District of Columbia. Insurance regulators therefore have a responsibility to make sure auto insurance is affordable for good drivers. In 2023, these premiums accounted for \$318 billion, yet the consumers paying for this mandatory financial product are frequently unable to afford it.<sup>1</sup> Concerns about affordability are compounded by a lack of transparency regarding the factors that insurance companies use to determine auto insurance coverage and rates. The role of non-driving related factors and the potential for what is effectively discrimination via proxy factors is particularly troubling.

In many locations, access to a car is a prerequisite for families to earn a living and carry out basic tasks: it allows people to get to work, secure an education, and receive health care. For commuters, 73 percent rely on a car to get to work.<sup>2</sup> The cost of commuting is steadily becoming more unaffordable, whether it be the insurance premium to operate the car, the auto loan to purchase it, or the gas to drive it. The average annual auto premium in 2026 is \$2,256, a cost that has risen 55 percent since February 2020.<sup>3</sup> The total cost of owning a vehicle has also risen over 40 percent since 2020.<sup>4</sup> Moreover, 58 percent of insured drivers cite auto insurance as a financial burden, and 43 percent cite monthly premiums as a primary cause of their financial strain.<sup>5</sup> Consumers have to cut back on other essentials just to make their monthly auto insurance payments.

Federal guidelines often define auto insurance as affordable if it costs no more than 2 percent of household income. 2022 data from the Federal Insurance Office (FIO)'s recent report found that 16 million people exceed this threshold. The National Association of Insurance Commissioners (NAIC) also found that in 2023 average premiums increased 14 percent over the previous year. However, this average masks significant variation in the premium to income ratio, which can be particularly burdensome for low-income communities.<sup>6</sup>

Despite auto insurance's impact on many families' household budgets, there is little transparency regarding the factors that influence insurance premiums and coverage availability. The cost of auto insurance is affected by a range of factors that are not appropriate determinations of driving risk, such as homeownership, credit score, prior insurance coverage, marital status, education level, and occupation. For example, the Consumer

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<sup>1</sup> U.S. Department of the Treasury's (Treasury) Federal Insurance Office (FIO), Report on Personal Auto Insurance Markets and Technological Change, January 2025.

<sup>2</sup> Statista Consumer Insights, "[Cars Still Dominate the American Commute](#)," April 2, 2026.

<sup>3</sup> The Zebra, "[The State of Auto Insurance 2026](#)," January 29, 2026; National Public Radio, "[Why car insurance costs have soared \(and what drivers are doing about it\)](#)," October 30, 2025.

<sup>4</sup> Navy Federal Credit Union, "[Navy Federal's Cost of Car Ownership \(COCO\) Index Shows Spike in Vehicle Ownership Costs Driven by Gasoline Prices](#)," April 13, 2026.

<sup>5</sup> Lending Tree, "[Auto Insurance Burden Survey](#)," September 2, 2025.

<sup>6</sup> National Association of Insurance Commissioners (NAIC), "[2023 Auto Insurance Database Average Premium Supplement](#)," June 2025.

Federation of America found that premiums averaged seven percent higher for renters instead of homeowners.<sup>7</sup> Auto premiums are significantly higher for drivers with lower credit scores, exacerbating pre-existing economic inequities and burdening consumers with steep costs that drive them into bankruptcy, force them to take on debt, or compel them to drive without insurance.<sup>8</sup>

Factors such as credit score and geography can also serve as proxy inferences to race and ethnicity, perpetuating discrimination regardless of an algorithm's intended neutrality. Studies by the Massachusetts Attorney General's Office, ProPublica, the Consumer Federation of America, and other groups have found that minorities pay significantly more for auto insurance than white drivers, despite having a similar driving background.<sup>9</sup> A 2024 report by the District of Columbia Department of Insurance, Securities and Banking found that Black drivers pay 46 percent more for their auto premiums than white drivers, and Hispanic drivers pay 20 percent more.<sup>10</sup> Reporting by ProPublica found that despite similar risk classifications, minority zip codes are charged higher premiums. For example, a case study of 34 insurance companies in Illinois found that 33 of them charged, on average, over 10 percent more for premiums in minority zip codes than in white zip codes.<sup>11</sup>

Unfair pricing and the financial burden of auto insurance may compel some drivers to forgo coverage. Driving without insurance, in turn, can lead to fines, license suspensions, and incarceration. In this way, discriminatory pricing practices leading to penalties and arrests for uninsured driving can exacerbate unjust, racist incarceration patterns. The FIO has a responsibility to investigate biased costs and affirmatively ensure that traditionally underserved communities have access to affordable insurance and are not subject to discrimination.

Although factors may appear facially neutral, their use in an underwriting model can become a proxy for other protected class factors, disparately impacting minority populations, and perpetuating racism.<sup>12</sup> Most consumers are unaware that factors unrelated to driving ability are determining their insurance rates and coverage. As Consumer Reports put it, the “business thrives on withholding critical information from customers.”<sup>13</sup> Consumers deserve greater transparency regarding what information goes into their premiums and coverage. Moreover, the use of proxy factors strongly correlated with a protected status should not be used to determine coverage and cost. Whether intentional or not, proxy discrimination can trap communities in a cycle of poverty and financial distress. The differential treatment of individuals based on their membership in a protected class is discrimination, plain and simple.

Such algorithmic bias in the underwriting process is a serious issue—one which increases auto insurance rates for minority drivers. This concern was highlighted in the FIO's report released in January 2025 on Personal Auto Insurance Markets and Technological Change, where the FIO cites proxy factors and artificial intelligence as factors impacting the auto insurance market. The FIO describes how AI may “raise consumer concerns”

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<sup>7</sup> Consumer Federation of America, [“Good Drivers Pay More for Basic Auto Insurance If They Rent Rather Than Own Their Home,”](#) February 8, 2016.

<sup>8</sup> Consumer Federation of America, [“The One Hundred Percent Penalty: How Auto Insurers' Use of Credit Information Increases Premiums for Safe Drivers and Perpetuates Racial Inequality,”](#) July 31, 2023.

<sup>9</sup> Consumer Federation of America, [“High Price of Mandatory Auto Insurance in Predominantly African American Communities,”](#) November 2015; Massachusetts Office of the Attorney General, [“Premium Disparities Affecting Minority and Low-Income Drivers,”](#) February 2, 2018.

<sup>10</sup> District of Columbia Department of Insurance, Securities and Banking, [“Report on Market Conduct Examination - Evaluating Unintentional Bias in Private Passenger Automobile Insurance,”](#) 2024.

<sup>11</sup> Pro Publica, [“How We Examined Racial Discrimination in Auto Insurance Prices,”](#) April 5, 2017.

<sup>12</sup> Daniel Schwarcz, [“Towards A Civil Rights Approach To Insurance Anti-Discrimination Law, 69 DePaul L. Rev.”](#) 2020.

<sup>13</sup> Consumer Reports, [“The Truth About Car Insurance,”](#) July 30, 2015.

regarding “privacy and transparency” and then goes on to recommend that regulators should “develop policies to assess and mitigate the potential for bias and unfair discrimination in the use of proxy factors.”<sup>14</sup>

Despite acknowledging the risk proxy factors pose to consumer privacy and premiums, the FIO’s Annual Report published in September 2025 fails to further elaborate on, or even mention, any of these risks. The section on Artificial Intelligence supports the use of AI and cites the NAIC’s Model Bulletin on the Use of Artificial Intelligence Systems as evidence of work on this issue but simultaneously acknowledges that the bulletin does not create “any new standards or obligations and serves as non-binding guidance to insurers.”<sup>15</sup>

We request a comprehensive analysis of the factors the FIO views as contributing to unaffordability in the auto insurance market and a response to the following questions within 30 days of receipt:

1. The FIO has a statutory obligation to “monitor the affordability and availability of all lines of insurance, except health insurance, for traditionally underserved communities and consumers, minorities, and low- and moderate-income persons.”<sup>16</sup> What is the FIO doing currently to fulfill that responsibility?
  - a. Will the FIO provide more granular data on the correlation between proxy factors and premiums for low-income drivers and drivers who are members of protected classes?
  - b. Will the FIO further explore the correlation between geographic rating and demographic characteristics, including membership in a protected class?
  - c. Will the FIO lower the reporting threshold to include the companies of all insurance groups that collect \$100 million in annual auto insurance premiums in order to conduct a robust analysis of insurance providers across the market?
2. Is the FIO investigating harmful pricing practices such as territorial rating and proxy discrimination? If not, what steps will it take to investigate such practices?
3. Will the FIO conduct a data call from insurers to assess the impact of the use of algorithmic pricing practices on discrimination and affordability for consumers across the United States if 1) the NAIC fails to conduct such a call or 2) any state refuses to participate in a NAIC data call should one be developed?
  - a. If the FIO conducts such a data call, will the relevant data be made publicly available?
4. Will the FIO commit to publishing an annual auto insurance report, and include a detailed analysis of the role of non-driving factors in underwriting, pricing, marketing, claims settlements, and anti-fraud efforts?

Sincerely,




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Rashida Tlaib  
Member of Congress




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Bonnie Watson Coleman  
Member of Congress

<sup>14</sup> Federal Insurance Office, U.S. Department of the Treasury, “[Report on Personal Auto Insurance Markets and Technological Change](#),” January 2025.

<sup>15</sup> Federal Insurance Office, U.S. Department of the Treasury, “[Annual Report on the Insurance Industry](#),” September 2025.

<sup>16</sup> 31 U.S.C. § 313(c)(1)(B).



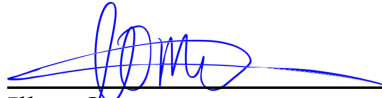
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Eleanor Holmes Norton  
Member of Congress



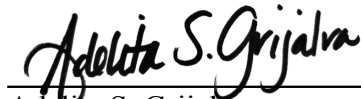
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Jesús G. "Chuy" García  
Member of Congress



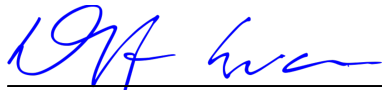
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Ilhan Omar  
Member of Congress



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Adelta S. Grijalva  
Member of Congress



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Dwight Evans  
Member of Congress



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Maxwell Alejandro Frost  
Member of Congress



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André Carson  
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Paul D. Tonko  
Member of Congress



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Summer L. Lee  
Member of Congress