

# Rate Regulations will Lead to Higher Auto Insurance Premiums for Illinois

ILLINOIS, US, February 8, 2023 /EINPresswire.com/ -- Legislation introduced yesterday in the Illinois General Assembly would lead to higher auto insurance premiums for Illinois consumers and fewer insurers competing in the Illinois auto insurance marketplace, according to the Independent Insurance Agents of Illinois (IIA of IL). HB 2203, was introduced by Rep. Will Guzzardi (D- Chicago), on behalf of the Illinois Public Interest Research Group (IPIRG).

IIA of IL CEO Phil Lackman said Illinois' current file and use regulatory system has resulted in lower auto insurance costs for Illinois insured due to the fact that hundreds of insurers and thousands of independent insurance agents are competing for business. Illinois, the fifth largest state with one of the largest metropolitan areas in the country, consistently ranks in the middle of all 50 states for auto insurance premiums. "This is a direct result of Illinois' long history of allowing the free market to set the rates and allow insurers to innovate in both rate setting and underwriting. Bureaucratic regulatory schemes in other states result in long, drawn-out approval systems and fewer insurers competing in their marketplace. If enacted, HB 2203 will have the opposite effect that the proponents claim," said Lackman.

"The proposed additional fees and bureaucratic hearing requirements will also add to insurer expenses which will be passed on to the consumer through higher rates. Restricting rates and limiting underwriting prevents new innovative, insurers from entering Illinois' competitive marketplace due to significant costs," said Brett Gerger, IIA of IL Director of Education and former Chief Deputy of the Illinois Department of Insurance (IDOI).

Company loss ratios are currently high and serve as evidence they are paying out more money than they are taking in with regards to automobile insurance. The Assigned Risk Illinois Automobile Plan (residual market) for auto insurance currently has low enrollment, indicating that Illinois has a competitive market. "The move to implement rate regulation could increase enrollment in the residual market which contains higher rates as it is the market of last resort," said Gerger.

According to Gerger, "IDOI has always done a great job of regulating and fostering competition in the insurance industry. The Department's staffing levels are at an all-time low, and they are regulating more with less. It's a testament to their leadership that they have set the regulating standard across the country with a much smaller staff than most states that are similar in size. IIA of IL's fear is that this added burden of regulation will create the need for many additional

employees with highly skilled education requirements. These employees (actuaries) will be a challenge for the Department to even hire, let alone train and implement this new level of regulation.”

The IIA of IL will release the 2023 Insurance Industry Economic Impact study, conducted by the Katie School of Insurance, in March. “This study shows the significant impact the insurance industry has on the economy of Illinois,” said Evan Manning, IIA of IL Director of Government Relations. “We look forward to educating the members of the Illinois General Assembly on why complicated, costly regulatory schemes actually harm Illinois consumers and how Illinois’ current system has benefitted the state with not only hundreds of insurers and agents competing but national brokerages and companies employing thousands of individuals headquartered here.”

The Independent Insurance Agents of Illinois (IIA of IL) is an association representing Trusted Choice® independent insurance agents throughout the state. IIA of IL membership is comprised of 900 insurance agencies representing 10,000 licensed independent agents engaged in all facets of the insurance industry, including property, casualty, life, and health. Its members are businesses that offer customers a choice of policies from a variety of insurance companies. In addition to serving the professional needs of members, IIA of IL works for the betterment of the insurance industry through legislative and consumer awareness programs. The IIA of IL is headquartered in Springfield, Illinois. Visit IIA of IL’s website at [www.iiiaofil.org](http://www.iiiaofil.org).

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