

The Effects of Good Faith Legislation (R-67)

Claims versus Realities

The Opponent's Claims

- “Milliman found when states altered bad faith laws insurance premiums increased 3.5 to 7 percent more than the national average.”
- “Assuming the national average for insurance premium increases is 5 percent the (Milliman) study predicts Washington’s premiums could increase up to 12 percent, costing Washington consumers \$650 million annually.”
- “(R-67) applies to claims related to homeowner’s insurance, auto insurance, long-term care insurance, property insurance, malpractice insurance and small business insurance.”

Washington Research Council
Policy Brief
October 22,2007

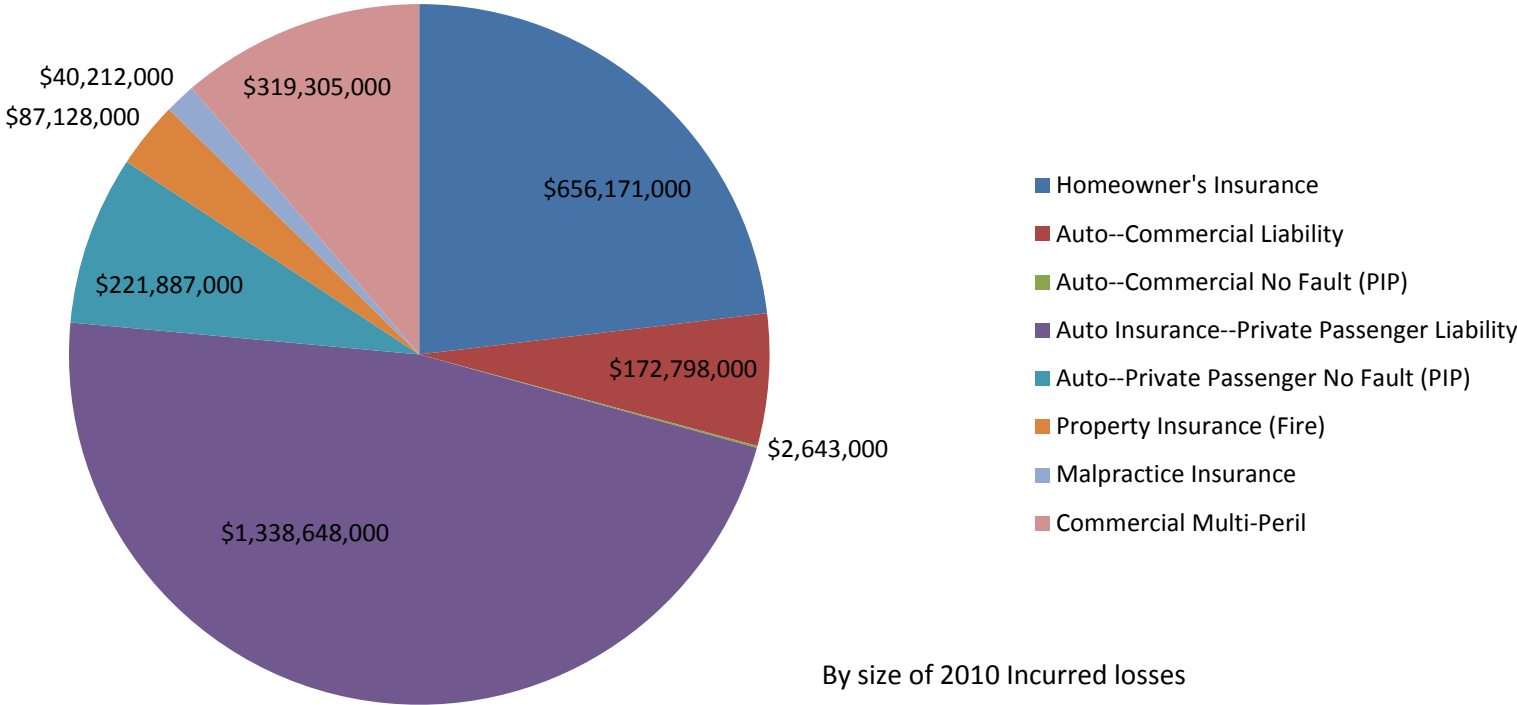
Post Election Claims

- “Excess UM (uninsured motorist) loss costs attributable to R-67 may have totaled as much as \$17.4 million during the first two years following enactment.”
- “...an additional \$190 million in homeowner’s coverage loss costs—approximately \$50 per insured home—in the first two years of R-67.”

From “The Impact of First-Party Bad-Faith Legislation on Key Insurance Claim Trends in Washington State” -- Insurance Research Council (February 2011)

A little background

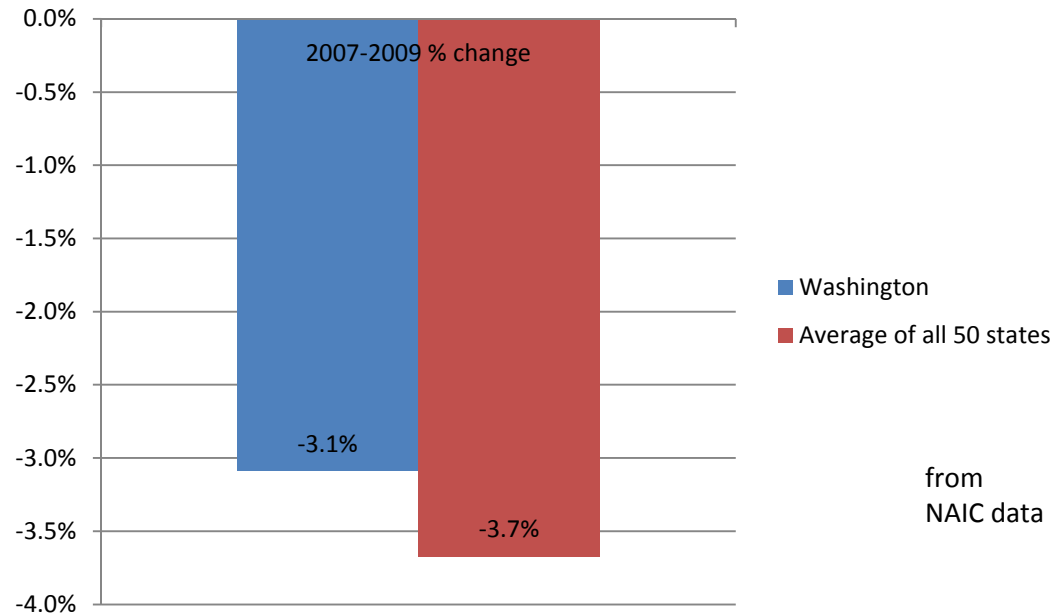
Primary Washington Insurance Sectors affected by R-67



Early Indicators

- Auto

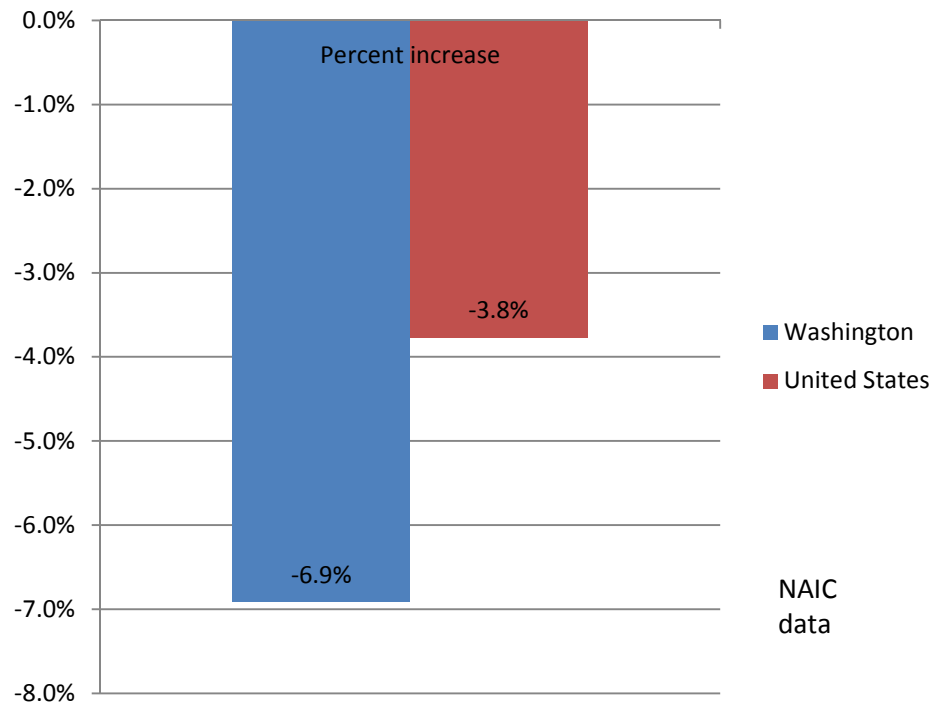
Change in Average Auto Insurance costs per car (2007 to 2009)



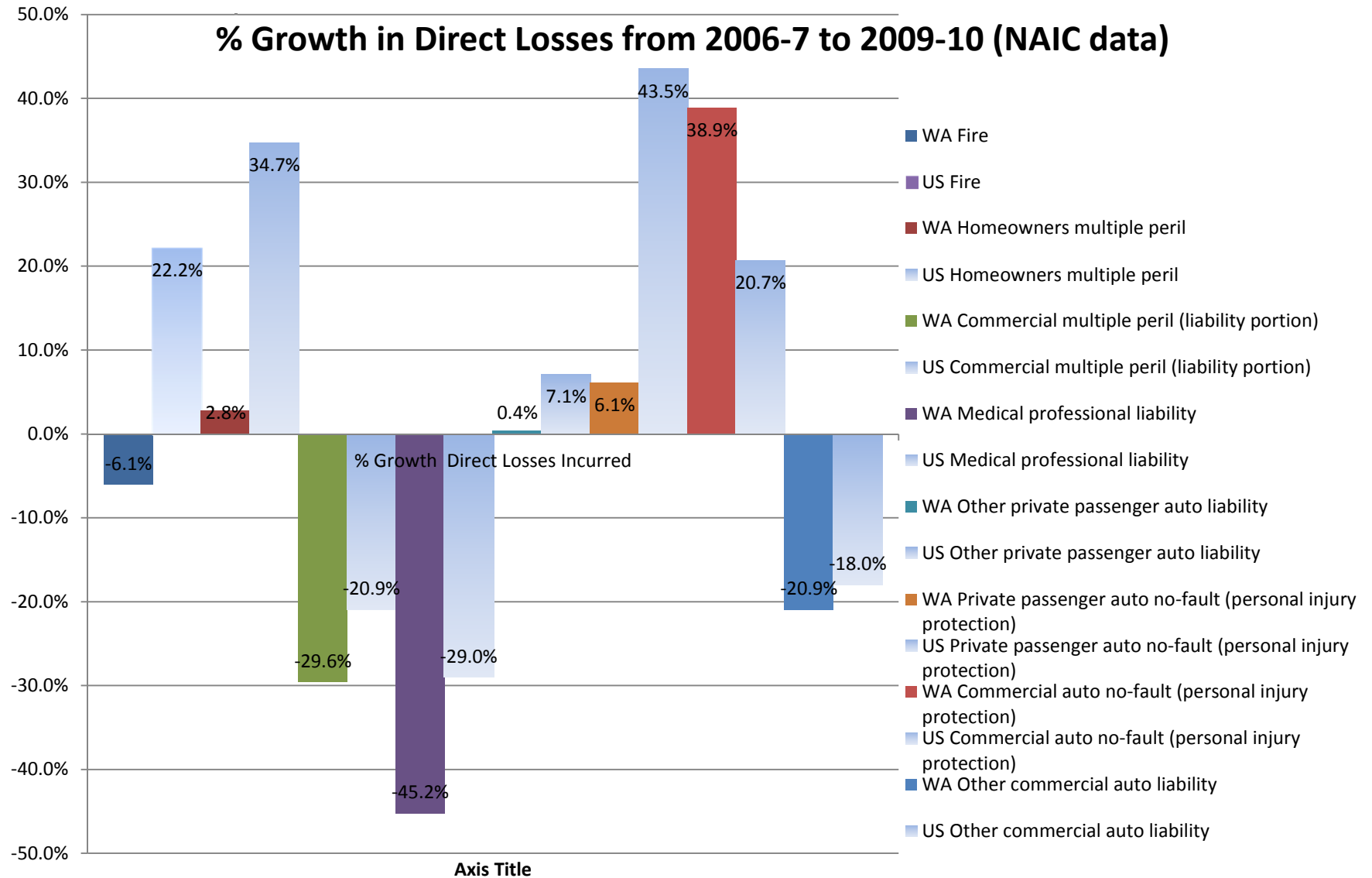
Early Indicators

- Homeowner's Insurance

Change in average homeowner's insurance premium from 2007 to 2008



Realities—data to 2010



Conclusion

Overall Washington outperformed the national trend in the R-67 affected sectors

