



Consumer Federation of America

**THE IMPACT OF COMMISSIONS ON PRICES
AND SERVICE QUALITY FOR HOME AND
AUTOMOBILE INSURANCE**

A Report by the Consumer Federation of America

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BACKGROUND

In the wake of ongoing investigations by New York Attorney General Elliot Spitzer of kickbacks, bid-rigging and improper steering in the commercial insurance industry, the Consumer Federation of America (CFA) undertook a study of contingent commissions in personal lines of insurance to determine if consumers and small businesses might encounter similar practices. That report, *Contingent Insurance Commissions: Implications for Consumers*, was released on January 26, 2005.¹

In that report, CFA found the same potential for conflicts-of-interest in payments made by insurers to the sellers of personal lines of insurance that Spitzer has uncovered in commercial insurance. CFA concluded that these arrangements could drive up rates or lead to unscrupulous claims practices.

This study examines the impact of all commissions, including regular and contingent commissions, on rates and service quality in personal lines of insurance. The goal is to examine whether higher commissions lead to increased prices for consumers and, if so, whether service quality also rises because of the additional cost.

Insurance companies use “producers” to sell their policies to small businesses and to individual consumers. The term refers to all persons who produce insurance business for an insurer: agents, brokers and others. Each has a different cost structure. The different varieties of producers include:

Independent insurance agents represent more than one company. They are not consumers’ agents but are under contract to insurance companies.² They could be influenced by contingent commissions to steer business toward one insurer or another. In personal auto and homeowners insurance, agent-based insurers cover about 40 percent of the market.

Many consumers have been misled into thinking that independent agents represent their interests and not those of the insurance company. Insurers and agents aggressively promote this perception in their advertising, often not making it clear that the agent actually represents the insurer. For example, Nationwide Insurance famously advertises that its agents are “on your side.” Travelers says in its Yellow Page advertisements that they have “local independent agents working for you.” The trade association for independent agents, the Independent Insurance Agents and Brokers of America, claims that their agents are “your” agent who is “your consultant...a value

¹ See: http://www.consumerfed.org/contingent_commissions_study.PDF

² Some attorneys have advised us that independent agents may not be clearly agents of insurers because agency contracts may grant very little authority to these salespersons. If this is true, these agents would then have fiduciary responsibilities to their clients. To date, CFA has taken no position on this legal question.

hunter who looks after your pocketbook...serving you is your independent agent's most important concern."³

Captive agents are agents of only one insurer. State Farm and Allstate use this system. These agents cover about 25 percent of the auto and home insurance market.

Brokers directly represent consumers. However, this arrangement is relatively rare for individual buyers of insurance. Even those who advertise as personal lines "brokers" often offer only high-priced coverage offered through state-mandated assigned risk or FAIR plans, or through non-standard insurance companies. As the Spitzer findings show, even brokers can be swayed by financial conflicts-of-interest.

Direct writers are salaried employees of an insurance company. USAA and GEICO are examples of insurers who use this system of distribution. They receive little commission, if any, and rarely, if ever, are paid contingent commissions. Direct writers cover about 35 percent of the home and auto insurance market in America.

HOW COMMISSIONS WORK

- A. **Regular commissions** are flat percentage amounts that insurers build into the price of all their policies. They are part of the rate that insurers pay any agent or broker for the sale of a particular policy and which the agent or broker receives at the time a policy is sold. No matter which agent or broker a consumer sees, the commission percentage paid by each specific insurer for that policy remains the same.⁴

- B. **Contingency commissions**, by contrast, vary depending on the contingency involved, and are added to regular commissions that are paid. Steering commissions are special payments by insurers to sellers of insurance to direct more business to the insurer. Profit-based commissions are paid to agents that sell policies that experience low levels of claims.

METHODOLOGY

CFA reviewed commission data from the 20 leading writers of insurance for private passenger auto insurance and homeowners insurance. They are listed on Exhibit 1, along with the commissions these insurers paid in 2003.⁵ These commissions are total

³ Independent Insurance Agents and Brokers of America website.

⁴ Recently, CFA has become aware of a few insurers offering agents a choice of commission in which the price of a policy increases or decreases to reflect the commission level the agent chooses. Thus, the same consumer could pay two or three different prices based solely on the commission level the agent chooses. This practice is dangerous for consumers since the consumer is not told that he or she actually qualifies for the lowest price (there is no difference in underwriting here, the sole difference is the commission charged). This is another reason why consumers must ask their agent if the policy the agent is suggesting is the lowest priced policy for which the consumer qualifies.

⁵ Bests Aggregates and Averages, 2004 Edition.

commissions, including both regular (flat percentage, up-front) commissions and commissions paid based on contingencies (see above).

Commission amounts range from near zero for some of the insurers to as high as 14 percent for private passenger auto insurance and 25 percent for homeowners insurance.

The “premium ranking” column is based upon Exhibit 3. Exhibit 3 shows sampled rate information for 30 territories (three each from 10 states) for private passenger auto insurance. It also shows sampled rate information for 26 territories (three each from 8 states and 2 from another state) for homeowners insurance.

These data were secured from the websites of the indicated states. The states produce information on insurance prices using examples of different types of risks for the purpose of producing comparison shopping rate guides for the citizens of the state. CFA selected states to get a sample from different parts of the nation and to use different size territories (i.e., cities, suburbs and rural territories) and classes of business (e.g., youthful driver, mature driver, pleasure use, drive to work use and so forth) within each state to test the rate levels of each insurer in the survey.

Some insurers from among the top 20 writers did not have sufficient information to use based on the sample. We relied on data only if the sample produced at least 10 price readings for the specific insurer.

We scored each insurer based on the ranking of the insurer’s rate in each sample territory. If the insurer had the lowest rate in the territory, it received -5 points, -3 points for the second lowest rate, and -1 point for the third lowest rate. If the insurer had the highest rate, it received +5 points, +3 points for the second highest and +1 for the third highest. Rates that fell between the three highest and three lowest positions were scored as zero points.

Exhibit 2 shows measures of consumer satisfaction for specific insurance companies. The NAIC complaint ratio data is from the National Association of Insurance Commissioners webpage, under “Consumer Information Source” or CIS. These data are national complaint information and are based on an index system where a complaint ratio of 1.00 is average for the industry for the line of insurance under review. A ratio less than 1.00 is better than average (i.e., fewer complaints) and a result greater than 1.00 is worse than average.

The column labeled “Consumer Reports Sat Ranking” is the consumer satisfaction rankings based upon surveys undertaken by Consumers Union and published in *Consumer Reports Magazine*. Here, a higher percentage represents greater consumer satisfaction with their insurer.⁶

⁶ “Surviving the ‘Hard Market’ in Homeowners Insurance,” *Consumer Reports*, September 2004. “How to Save on Auto Insurance,” *Consumer Reports*, September 1999. These 1999 satisfaction rates for auto insurers are the most recent available.

FINDINGS: RATES RELATED TO COMMISSIONS

A. Automobile Insurance

Each insurer has been given an overall “rate index” score based on the above methodology. Beginning with insurers with the lowest overall rates, the results are:

<u>COMPANY</u>	<u>OVERALL COMMISSION</u>	<u>RATE INDEX</u>
United Services Auto (USAA)	0.80%	-2.7
Allstate	11.90%	-1.0
Government Employees (GEICO)	0.30%	-0.7
Progressive	7.40%	-0.6
Liberty Mutual	2.40%	-0.6
USAA Casualty	0.60%	-0.1
American Family	11.00%	0.7
State Farm Mutual Auto	7.70%	0.8
Nationwide Mutual	10.80%	1.8
Farmers	1.10%	3.6

The average commission for those insurers with personal auto insurance rates below average in this sample is 3.9 percent. The average commission paid by the insurers with above average rates is 7.7 percent.

B. Home Insurance

<u>COMPANY</u>	<u>OVERALL COMMISSION⁷</u>	<u>RATE INDEX</u>
United Services Auto (USAA)	-0.20%	-3.1
USAA Casualty	-0.10%	-0.8
Farmers	1.10%	-0.7
Allstate	12.70%	0.2
State Farm Fire and Casualty Co	12.90%	0.5
Liberty Mutual	0.60%	1.0
American Family	14.90%	1.6
Nationwide Mutual	16.10%	1.7

The average commission for those insurers with homeowners insurance rates below average in this sample is 0.3 percent. The average commission paid by the insurers with above average rates is 11.4 percent.

⁷ A commission that is negative is due to the receipt of commissions from reinsurance companies in most cases.

These samples are small and the number of companies reviewed, after eliminating those insurers with fewer than 10 reported rates was small (10 insurers in auto and 8 in homeowners). Therefore, conclusions must be cautiously reported.

It is likely that prices go up as the commission cost rises, as one would anticipate. However, this is not always true. Note that there are high commission insurers with low prices in this sample and low commission carriers with high rates as well. It is therefore very important for consumers to carefully shop around when purchasing auto and home insurance. Prices vary widely, usually by at least 50 percent and frequently by 100 percent or more.

C. Profits Compared to Commissions

In the *National Underwriter* of February 21, 2005, an important point is made: "...some of the most profitable companies (those with the lowest combined ratios) show up with the worst expense ratios, mainly as a result of paying out higher commission rates to agents and brokers." An expense ratio is the proportion of losses paid out in claims to the amount of premiums charged.

Even by line of insurance, the same pattern can be observed.

COMMISSION VS. PROFITS BY LINE OF INSURANCE⁸

LINE	COMMISSION	OPERATING RATIO
MED MAL	4.5%	121.3%
WORK COMP	6.5%	97.8%
GROUP A&H	6.7%	91.2%
M/P CROP	8.2%	99.4%
PP AUTO LIAB	8.4%	96.8%
PP AUTO PHY	8.4%	90.9%
OTHER A&H	8.8%	103.0%
AIRCRAFT	9.3%	70.2%
FIRE	10.5%	75.8%
ALLIED LINES	10.6%	77.8%
OTHER LIAB	10.6%	100.9%
COMM AUTO	11.7%	92.2%
PRODUCTS	11.8%	138.9%
FIDELITY	12.2%	66.6%
HOMEOWNERS	12.9%	94.9%
INLAND MAR	13.0%	79.8%
COMM A PHY	13.7%	83.5%
BOILER	13.8%	66.1%
BURGLERY	14.9%	64.8%

⁸ Source: Aggregates and Averages, A. M. Best & Co., 2004 Edition.

CREDIT	15.3%	84.9%
CMP-Non-Liability	16.0%	87.6%
FARMOWNERS	16.2%	96.4%
CMP-Liability	16.4%	106.3%
OCEAN MAR	16.6%	98.7%
SURETY	25.5%	118.1%
CREDIT A&H	34.2%	77.1%
ALL LINES	10.3%	93.9%
13 Lines with lowest Commission		96.6%
13 Lines with highest Commission		86.5%
10 Lines with lowest Commission		92.4%
10 Lines with highest Commission		88.4%
5 Lines with lowest Commission		101.3%
5 Lines with highest Commission		99.3%

Thus, there is a tendency for profits to rise with commissions in this table. We draw no major conclusion from this other than to note the fact that some of the lines of insurance with high commissions suffer from “reverse competition,” where the commission is paid often to the entity selecting the insurer. Credit insurance is particularly susceptible to this phenomenon. A strategy to gain market share, unfortunately, can be to lure producers to write insurance by offering higher commissions in the less competitive markets.

Consumers should be aware that some agents representing more than one insurer could place the consumer in a higher priced insurer with larger commissions even when the consumer qualifies for a lower price. States do not require agents or brokers to place the applicant into the best policy for the customer. There are no suitability requirements. Consumers must shop knowing this and ask the right questions.

FINDINGS: CONSUMER SATISFACTION RELATED TO COMMISSIONS

Exhibit 2 displays the results of CFA’s research into consumer satisfaction rankings.

A. Automobile Insurance

For auto insurance, the NAIC complaint rankings compared to commission levels are as follows, with companies that have the lowest level of complaints at the top of the list:

<u>COMPANY</u>	<u>OVERALL COMMISSION</u>	<u>COMPLAINT RANKING</u>
Interins Exchange	2.10%	0.20
California State Auto	11.70%	0.21
State Farm Mutual Auto	7.70%	0.26
United Services Auto	0.80%	0.28

21st Century	4.90%	0.30
Commerce Insurance	14.30%	0.31
Erie Insurance Exchange	11.20%	0.35
Progressive Northern	7.40%	0.41
Government Employees	0.30%	0.42
GEICO Indemnity	0.40%	0.48
USAA Casualty	0.60%	0.48
Motors Ins	7.40%	0.51
Allstate	11.90%	0.65
Nationwide Mutual	10.80%	0.73
Farmers	1.10%	0.78
American Family	11.00%	0.92
Metropolitan	8.00%	1.16
Progressive	7.40%	2.18
Trinity Universal	10.50%	2.26
Liberty Mutual	2.40%	3.22

The average commission for insurers with complaint ratios under .5 was 5.6 percent. In the range .5 to 1.0, the average commission was 8.4 percent. Over 1.0, the average commission was 7.1 percent.

The consumer satisfaction responses from *Consumer Reports* for auto insurers show the following:

<u>COMPANY</u>	<u>OVERALL COMMISSION</u>	<u>SATISFACTION RANKING</u>
United Services Auto	0.80%	94%
USAA Casualty	0.60%	92%
State Farm Mutual Auto	7.70%	88%
Erie Insurance Exchange	11.20%	88%
American Family	11.00%	87%
Government Employees	0.30%	86%
Nationwide Mutual	10.80%	85%
California State Auto	11.70%	85%
Liberty Mutual	2.40%	84%
Allstate	11.90%	83%
Farmers	1.10%	83%
Metropolitan	8.00%	81%
Commerce Insurance	14.30%	81%

Insurers scoring a satisfaction index of greater than 85 percent had an average commission of 5.3 percent. Insurers with less than 85 percent had an average commission of 7.5 percent. These figures did not include the two insurers exactly at 85 percent satisfaction. If these two companies are placed with each group, the results are 6.8 percent and 8.6 percent respectively.

B. Home Insurance

<u>COMPANY</u>	<u>OVERALL COMMISSION</u>	<u>COMPLAINT RANKING</u>
Federal Insurance	20.10%	0.07
Allstate Floridian	13.40%	0.09
State Farm General	12.90%	0.15
United Services Auto	-0.20%	0.20
Fireman's Fund	18.50%	0.29
State Farm Fire and Casualty Co	12.90%	0.34
Erie Ins Exchange	15.70%	0.35
USAA Casualty	-0.10%	0.38
State Farm Lloyds	13.70%	0.42
Allstate	12.70%	0.70
American Family	14.90%	0.74
Metropolitan	11.10%	0.88
Foremost	25.80%	0.89
Auto-Owners	24.90%	0.99
Mid-Century	1.10%	1.15
Travelers Indem	17.60%	1.45
Travelers	17.60%	2.19
Farmers	1.10%	2.55
Nationwide Mutual	16.10%	2.74
Liberty Mutual	0.60%	96.44

The average commission for insurers with complaint ratios under .5 was 11.9 percent. In the range .5 to 1.0, the average commission was 17.9 percent. Over 1.0, the average commission was 9.0 percent.

The consumer satisfaction responses from *Consumer Reports* for home insurers show the following:

<u>COMPANY</u>	<u>OVERALL COMMISSION</u>	<u>SATISFACTION RANKING</u>
Auto-Owners	24.90%	90%
United Services Auto	-0.20%	88%
Erie Ins Exchange	15.70%	84%
State Farm Fire and Casualty Co	12.90%	83%
State Farm Lloyds	13.70%	83%
State Farm General	12.90%	83%
American Family	14.90%	81%
Allstate	12.70%	78%
Nationwide Mutual	16.10%	78%
Metropolitan	11.10%	78%
Travelers Indem	17.60%	77%
Farmers	1.10%	66%

Insurers scoring a satisfaction index of greater than 85 percent had an average commission of 12.4 percent. Insurers between 80 percent and 85 percent satisfaction ranking had average commissions of 14.0 percent. For all insurers with satisfaction ranking over 80 percent the average commission was 13.5 percent. Insurers with less than 80 percent had an average commission of 11.7 percent.

CONCLUSIONS:

Sample sizes are small, so conclusions must be tentative. However, several significant conclusions can be reached:

- Insurers with lower commissions tend to have lower rates. This is not always true, so consumers must shop carefully.
- There is no evidence that paying higher commissions to a producer leads to either better service or higher consumer satisfaction. In fact, there appears to be no correlation between the amount of commission paid and the quality of service rendered.
- As a result, consumers must shop carefully for service quality, as low-commission insurers can be either good or bad in handling service questions and complaints, as can insurers that receive higher commissions.
- In less competitive markets, some insurers may attempt to attract market share by offering higher commissions along with higher prices and, often, higher profits for the insurer⁹. This practice is particularly prevalent in the sale of credit insurance.
- United Services Auto (USAA) is a consistently low rate insurer with excellent service. Military personnel and their families who qualify for USAA insurance should be sure to get a quote from USAA.
- Traditionally State Farm has offered very competitive rates, but now it seems that State Farm is offering rates that are slightly above average. CFA has observed large price hikes during the last few years by State Farm but we are somewhat surprised at this finding, since State Farm has been known to under-price the market for decades. State Farm policyholders may want to shop around now if their rates have significantly increased over the last few years.

⁹ CFA once helped a sophisticated consumer (the Dean of a law school) get a refund from an insurer that charged him a very high price when he qualified for a much lower one. The agent had received additional commission dollars from this inappropriate transaction.

TIPS FOR CONSUMERS:

When the author was Texas Insurance Commissioner, the Texas Insurance Department tried an experiment. It brought in 25 auto and 25 home insurance policyholders with their policies. It gave them the Department's shopping guides and a telephone and one hour to read and shop. On average, the auto policyholders saved \$115 and the home policyholders saved \$85. Overall, the hour of effort was worth \$100. The Department announced a \$100 Hour program and thousands of Texans called in, many of whom saved significant amounts of money.

1. **Shop around!** This study found that premium charges tend to rise with commissions, but this is not always true. Consumers should be sure to get quotes from some of the lowest premium insurance companies, including the direct writers of insurance that typically do not pay commissions. (See step 3)
2. **Consumers do not have to pay more to get excellent service.** Some of the companies with the best service records have low prices and low or even no commissions. It pays to shop among the companies with the lowest prices and the highest consumer satisfaction/lowest complaint ratios. (Step 4 shows how to shop for better service insurers)
3. **For information on insurance rates, check state price information guides.** Most states have these guides. Typically, consumers can download them from the state's insurance department website.¹⁰
4. **For complaint information on insurance companies, check with the National Association of Insurance Commissioners' web site.** (www.naic.org)¹¹
5. **Beware of going to just one agent or broker for insurance, even if that producer represents several insurance companies.** Consumers should be aware that some producers representing more than one insurer could place the consumer in a higher priced insurer with larger commissions even when the

¹⁰ These web sites can be found at the home page of the National Association of Insurance Commissioners: www.naic.org. Consumers can click on "state insurance web sites" found on the upper right hand side of the page. Consumers can then click on their state's insurance department web page. Price guides for home and auto insurance can typically be found under "publications." CFA urges consumers to complain to their state insurance department if no such price guide is available.

¹¹ On the left hand side of the home page, consumers should click on "Consumer Information Source (CIS)." Once on the CIS Home Page, consumers can compare company complaint ratios by typing in the company name and their state of residence. Consumers can then look at complaint information (as well as licensing and financial information) for the insurance company. By clicking on "Closed Complaints," a consumer can look at complaint counts by state, by code (the type of complaint lodged against the insurer), by complaint ratio and by trends in complaints. "Complaint Ratio" information is the most helpful. Consumers can choose the line of insurance they are interested in and the most recent year (2003 or, in late March, 2004). By clicking on "create report" consumers can see complaint information. The complaint index is an index to the average complaint ratio for the nation for all insurers. An index of 1.00 is average. Less than 1.00 is better than average (signifying a lower level of complaints). Greater than 1.00 means that the level of complaints is worse than average.

consumer qualifies for a lower price. States do not require agents or brokers to place the applicant with the best policy for the customer.

6. Ask agents and brokers the right questions:

- Do you represent me or do you represent the insurance company you are suggesting I use?
- What commission are you earning as a percentage of the cost of the policy you are suggesting I purchase?
- Am I receiving the lowest price among all the insurance companies that you represent for which I qualify?
- What other insurance companies do I qualify for that you represent? What are the prices I would pay at those insurers and what commission would you get with each company?
- Do you have a contingency commission arrangement with the insurer you are recommending? Please fully explain that arrangement to me.
- If I have a claim, do you represent me or the insurer in the claim process? Is your compensation in any way related to claims filed by me and other clients of yours?

EXHIBIT 1

LEADING WRITERS
BASED ON 2003 EXPERIENCE

PRIVATE PASSENGER AUTO INSURANCE

RANK	COMPANY	2003 Comm PPA Liab	Premium Ranking
1	State Farm Mutual Auto	7.70%	0.8
2	Allstate	11.90%	-1
3	Nationwide Mutual	10.80%	1.8
4	Government Employees	0.30%	-0.7
5	Progressive	7.40%	-0.6
6	American Family	11.00%	0.7
7	United Services Auto	0.80%	-2.7
8	Farmers	1.10%	3.6
9	Liberty Mutual	2.40%	-0.6
10	GEICO Indemnity	0.40%	
11	Metropolitan	8.00%	
12	USAA Casualty	0.60%	-0.1
13	Erie Insurance Exchange	11.20%	
14	Interins Exchange of the Auto Club(CA Only)	2.10%	
15	California State Auto (CA Only)	11.70%	
16	Commerce Insurance	14.30%	
17	Motors Ins	7.40%	
18	21st Century (CA only)	4.90%	
19	Trinity Universal	10.50%	
20	Progressive Northern	7.40%	

HOMEOWNERS INSURANCE

RANK	COMPANY	2003 Comm Homeowners	Premium Ranking
1	State Farm Fire and Casualty Co	12.90%	0.5
2	Allstate	12.70%	0.2
3	Nationwide Mutual	16.10%	1.7
4	Farmers	1.10%	-0.7
5	State Farm Lloyds	13.70%	
6	American Family	14.90%	1.6
7	State Farm General	12.90%	
8	United Services Auto	-0.20%	-3.1
9	Federal Insurance	20.10%	
10	Metropolitan	11.10%	
11	Foremost	25.80%	
12	Liberty Mutual	0.60%	1
13	Erie Ins Exchange	15.70%	

14 Travelers	17.60%	
15 USAA Casualty	-0.10%	-0.8
16 Travelers Indem	17.60%	
17 Auto-Owners	24.90%	
18 Mid-Century	1.10%	
19 Firemans Fund	18.50%	
20 Allstate Floridian	13.40%	

NOTE: For those insurers with at least 10 high/low rates reported in the study, This is the ranking of each insurer. If the insurer scores lowest rate in a sample, it scores -5 points, if 2nd lowest, -3, third, -1, highest rate +5, second highest +3, third highest +1, all other scores receive 0.

Source: Best's Aggregates and Averages, 2004 and earlier editions.

EXHIBIT 2

LEADING WRITERS
BASED ON 2003 EXPERIENCE

PRIVATE PASSENGER AUTO INSURANCE

RANK	COMPANY	2003 Comm PPA Liab	NAIC COMPLAINT RATIO	Consumer Reports Sat Ranking
1	State Farm Mutual Auto	7.70%	0.26	88%
2	Allstate	11.90%	0.65	83%
3	Nationwide Mutual	10.80%	0.73	85%
4	Government Employees	0.30%	0.42	86%
5	Progressive	7.40%	2.18	
6	American Family	11.00%	0.92	87%
7	United Services Auto	0.80%	0.28	94%
8	Farmers	1.10%	0.78	83%
9	Liberty Mutual	2.40%	3.22	84%
10	GEICO Indemnity	0.40%	0.48	
11	Metropolitan	8.00%	1.16	81%
12	USAA Casualty	0.60%	0.48	92%
13	Erie Insurance Exchange	11.20%	0.35	88%
14	Interins Exchange of the Auto Club (CA Only)	2.10%	0.2	
15	California State Auto (CA Only)	11.70%	0.21	85%
16	Commerce Insurance	14.30%	0.31	81%
17	Motors Ins	7.40%	0.51	
18	21st Century (CA only)	4.90%	0.3	
19	Trinity Universal	10.50%	2.26	
20	Progressive Northern	7.40%	0.41	

HOMEOWNERS INSURANCE

RANK	COMPANY	2003 Comm Homeowners	NAIC COMPLAINT RATIO	Consumer Reports Sat Ranking
1	State Farm Fire and Casualty Co	12.90%	0.34	83%
2	Allstate	12.70%	0.7	78%
3	Nationwide Mutual	16.10%	2.74	78%
4	Farmers	1.10%	2.55	66%
5	State Farm Lloyds	13.70%	0.42	83%
6	American Family	14.90%	0.74	81%
7	State Farm General	12.90%	0.15	83%
8	United Services Auto	-0.20%	0.2	88%
9	Federal Insurance	20.10%	0.07 NA	
10	Metropolitan	11.10%	0.88	78%
11	Liberty Mutual	0.60%	96.44 NA	
12	Foremost	25.80%	0.89 NA	
13	Erie Ins Exchange	15.70%	0.35	84%
14	Travelers	17.60%	2.19 NA	
15	USAA Casualty	-0.10%	0.38 NA	

16 Travelers Indem	17.60%	1.45	77%
17 Auto-Owners	24.90%	0.99	90%
18 Mid-Century	1.10%	1.15 NA	
19 Firemans Fund	18.50%	0.29 NA	
20 Allstate Floridian	13.40%	0.09 NA	

NOTE: All 3 State Farm Companies are rated including all their data.

USAA includes data for United Services Automobile Assn. and USAA Casualty combined

Travelers includes data for Travelers Indemnity and Travelers Property Casualty combined

Sources: Best's Aggregates and Averages, 2004 and earlier editions.

Consumer Reports Auto, September 1999 Edition

Consumer Reports Homeowners, September 2004 Edition

EXHIBIT 3

RATE COMPARISONS FOR SELECTED TERRITORIES

Auto Insurance Leading Writers	OREGON			MARYLAND		
	Portland	Pendleton	Eugene	Baltimore	Montgomery	Frederick
State Farm Mutual Auto	728	457	505	4178	2787	2137
Allstate	510	279	398	20354	8918	6508
Nationwide Mutual	548	358	384			
GEICO (Gov't Employees)				4268	2504	2139
Progressive	519	384	412	9873	4938	3549
American Family	482	268	281			
USAA (United Services)	551	393	454	2399	1654	1433
Farmers				9218	4073	3033
Liberty Mutual	506	323	356	3131	1565	1256
GEICO (GEICO Indem)	638	415	504	8456	5033	4125
Metropolitan						
USAA Casualty	569	406	469	2476	1670	1445
Erie Insurance				3629	2716	2164
Interinsurance Exch (CA only)						
CA State Auto (CA only)						
Commerce Ins						
Motors Ins						
21st Century						
Trinity Universal						
Progressive Northern	524	259	318			

HOME Insurance Leading Writers	OREGON		MARYLAND		
	Coos Bay	Portland	Baltimore	Montgomery	Frederick
State Farm Fire & Cas	523	493	1124	1444	892
Allstate	321	303	1072	1539	840
Nationwide Ins	471	510	1413	1212	980
Farmers	341	401	974	1130	647
American Family	456	479			
State Farm Lloyds					
State Farm General					
USAA (United Services)	450	530	872	1120	831
Federal Ins					
Metropolitan					
Foremost					
Liberty Mutual	499	461	1044	1201	794
Erie Insurance Exchange			860	1184	762
Travelers					
USAA Casualty	495	583	1017	1309	970
Auto-owners Ins					
Mid-century Ins					
Fireman's Fund			789	1167	887
Allstate Floridian (FL only)					

NOTE:
Examples vary by state, as shown.
SOURCES: State Insurance Department Websites.

OR Auto:
Married adult couple, 2000 Camry, 5 mi to work for him; she drives 2000 Caravan 10 mi; clean drivers; 16 yr-old good student son drives.

OR Homeowners
1997 frame house with gas heat, no fireplace, composite roof, \$200,000 replacement cost, \$140,000 contents, \$1,000 med, \$100,000 liability, \$500 deductible.

MD Auto:
Husband drives 2000 Accord 20 mi to work, clean. Wife a 2000 Caravan, 5 mi to work, Clean. Both excellent credit. 17 yr old driver. 1 Speed ticket. 100/300/50 full coverage.

MD Homeowners:
Frame, best protection class, \$300,000 liability \$1,000 deductible, \$200,000 Baltimore, \$450,000 Montgomery and \$300,000 Frederick.

Auto Insurance Leading Writers	FLORIDA			NEW YORK		
	Jacksonville	Miami	Tampa	Brooklyn	Hempstead	Elmira
State Farm Mutual Auto	1038	1736	1391	2009	1009	309
Allstate				1497	819	251
Nationwide Mutual	1146	1748	1391	2105	1301	402
GEICO (Gov't Employees)	1086	1822	1284	1173	693	275
Progressive	1072	1632	1510	1533	985	360
American Family						
USAA (United Services)	848	1465	972	778	603	305
Farmers						
Liberty Mutual	1196	1829	1413	1482	941	347
GEICO (GEICO Indem)				2034	1133	477
Metropolitan				1529	995	363
USAA Casualty						
Erie Insurance				1134	742	301
Interinsurance Exch (CA only)						
CA State Auto (CA only)						
Commerce Ins						
Motors Ins						
21st Century						
Trinity Universal						
Progressive Northern						

HOME Insurance Leading Writers	FLORIDA			NEW YORK		
	Jacksonville	Miami	Tampa	Upstate	Manhattan	Nassau
State Farm Fire & Cas				584	942	717
Allstate				610	1144	817
Nationwide Ins	No Buyer's guide for HO in FL			751	1078	687
Farmers						
American Family						
State Farm Lloyds						
State Farm General						
USAA (United Services)				530	842	651
Federal Ins						
Metropolitan				530	1251	853
Foremost						
Liberty Mutual				not offered	1158	not offered
Erie Insurance Exchange						
Travelers						
USAA Casualty						
Auto-owners Ins						
Mid-century Ins						
Fireman's Fund						
Allstate Floridian (FL only)						

**NEW YORK AUTO: Required coverage.
Retired age 69 person.**

**FLORIDA AUTO:
40 Yr-old married female, one speeding
ticket, 2001 SUV worth \$25K, 15K miles annually
Full cover with state required liability limits.**

**NEW YORK Homeowners:
Estimated average annual premiums.
Frame, HO-3.**

Auto Insurance Leading Writers	OHIO			CALIFORNIA		
	Cincinnati	Dayton	Rest of state	Mission Viejo	Alpine Merk	Central LA
State Farm Mutual Auto	455	431	399	1010	994	1480
Allstate	368	316	306	926	653	1734
Nationwide Mutual				1148	806	2442
GEICO (Gov't Employees)	349	402	351	1047	560	1655
Progressive	316	334	207	1132	798	2398
American Family						
USAA (United Services)				774	567	1199
Farmers	883	1075	NA	924	706	2095
Liberty Mutual				898	686	2487
GEICO (GEICO Indem)						
Metropolitan				710	588	1436
USAA Casualty	388	357	351			
Erie Insurance	437	423	352			
Interinsurance Exch (CA only)				782	847	1442
CA State Auto (CA only)					654	
Commerce Ins						
Motors Ins				1006	618	2116
21st Century				966	770	1804
Trinity Universal						
Progressive Northern						

HOME Insurance Leading Writers	OHIO			CALIFORNIA		
	Cincinnati	Dayton	Rest of state	Mission Viejo	Alpine Merk	Central LA
State Farm Fire & Cas	504	616	610	1069	914	1064
Allstate	328	328	931	1118	977	1080
Nationwide Ins	390	454	NA	525	1149	1552
Farmers	295	415	241	1138	1107	1304
American Family	491	486	648			
State Farm Lloyds						
State Farm General						
USAA (United Services)	361	372	1084	717	807	991
Federal Ins						
Metropolitan				985	1242	1849
Foremost	684	831	1251			
Liberty Mutual	461	471	666	822	834	1088
Erie Insurance Exchange	357	406	539			
Travelers				640	749	814
USAA Casualty	401	413	1204			
Auto-owners Ins						
Mid-century Ins						
Fireman's Fund				631	796	1003
Allstate Floridian (FL only)						

**OHIO Auto: Married male
age 35, wife drives at times, 15K
miles a year, clean, '03 Camry
100/300/100, 5 med, \$500 deductible**

**OHIO Homeowners: Frame home
covered for \$95K, \$100 K liability
\$1K medical, \$500 deductible**

**CA Auto: Basic Liability only
Married couple, clean
12.6-15K miles**

**CA Home: \$500 deductible, 16-25 yr
old house, \$200K cover.**

Auto Insurance Leading Writers	TEXAS			KANSAS		
	Bexar	Ft Bend	Houston	Wichita	Garden City	Kansas City
State Farm Mutual Auto	480	430	382	465	502	573
Allstate	377	477	306	422	426	476
Nationwide Mutual	518	516	332	481	477	446
GEICO (Gov't Employees)	358			496	606	502
Progressive	357	431	281	242	259	263
American Family				615	684	670
USAA (United Services)	395	417	279	466	466	485
Farmers	536	636	438	705	850	929
Liberty Mutual	341	376	246	696	723	603
GEICO (GEICO Indem)						
Metropolitan						
USAA Casualty				531	531	539
Erie Insurance						
Interinsurance Exch (CA only)						
CA State Auto (CA only)						
Commerce Ins						
Motors Ins						
21st Century						
Trinity Universal						
Progressive Northern						

HOME Insurance Leading Writers	TEXAS			KANSAS		
	Bexar	Ft Bend	Houston	Crawford	Shawnee	Kansas City
State Farm Fire & Cas				954	942	942
Allstate	839	1184	871	3156	3018	3622
Nationwide Ins	1000	1197	1220			
Farmers	1516	1649	951	1105	1173	1125
American Family				1753	1239	1715
State Farm Lloyds						
State Farm General						
USAA (United Services)	616	909	691	NA	983	990
Federal Ins						
Metropolitan	1035	1828	910			
Foremost	639	639	639			
Liberty Mutual				1282	1260	1336
Erie Insurance Exchange						
Travelers	853	986	716			
USAA Casualty	672	991	753	NA	1130	1139
Auto-owners Ins						
Mid-century Ins						
Fireman's Fund						
Allstate Floridian (FL only)						

**TX Auto: Adult male, clean,
drive to work; County
Mutual quoted in some instances**

**Home: Frame in urban area
Lloyds quoted if available.**

**KS Auto: Preferred risk, \$250 ded Coll
\$100 ded Comp, 55 year old female, '04
Impala**

**KS Home: \$150K coverage, Protection
class 7, frame.**

Auto Insurance Leading Writers	WISCONSIN			COLORADO		
	Milwaukee	Madison	Eau Claire	Denver	Littleton	Ft Collins
State Farm Mutual Auto	779	585	638	1234	965	889
Allstate	616	426	457			
Nationwide Mutual						
GEICO (Gov't Employees)				1313	946	891
Progressive				1416	925	879
American Family	805	651	699	1885	1169	1137
USAA (United Services)	766	613	693	1087	897	757
Farmers	1326	749	776	2050	1477	1181
Liberty Mutual						
GEICO (GEICO Indem)						
Metropolitan						
USAA Casualty				1125	928	783
Erie Insurance						
Interinsurance Exch (CA only)						
CA State Auto (CA only)						
Commerce Ins						
Motors Ins						
21st Century						
Trinity Universal						
Progressive Northern	734	537	483			

HOME Insurance Leading Writers	WISCONSIN			COLORADO		
	Madison	Milwaukee	Douglas	Denver	Pueblo	Grd Junction
State Farm Fire & Cas	448	762	751	1462	1284	684
Allstate	361	409	459	1349	1652	762
Nationwide Ins				1362	1413	963
Farmers	302	595	471	1404	1518	805
American Family	485	656	526	1190	1318	698
State Farm Lloyds						
State Farm General						
USAA (United Services)				1106	1204	509
Federal Ins				1252	1256	816
Metropolitan						
Foremost						
Liberty Mutual				1601	1698	890
Erie Insurance Exchange						
Travelers						
USAA Casualty				1075	1168	494
Auto-owners Ins	281	378	357			
Mid-century Ins						
Fireman's Fund				1521	1493	1121
Allstate Floridian (FL only)						

WISC Auto: '01 Neon, age 21 driver single, clean female, 7,500 miles annually 50/100/50, UIM, \$1K med, \$250 ded coll, \$100 ded Comp
WISC Home: 20-yr old Frame house, \$150 cover, HO-3, \$250 ded, \$1,000 med.

CO Auto: 21 yr-old single male, drive to work under 10 mi, clean, '02 Taurus, full cover \$200 ded
CO Home: \$200K cover, \$500 ded, \$100K Liability, \$1,000 med, 10-yr old frame home, dead bolt and smoke alarm, close to hydrant.