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Details: Redlining

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

1995-96

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on Insurance, Securities and Corporate Policy...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

Retired couple

INSURERS UNDERWRITING TERRITORIES AND SAMPLE RATINGS, as reported by the company						
as of May 1, 1995				TERR NO.	SEMIANNUAL PREMIUM	
COMPANY NAME					EX 3	EX 4
ALLSTATE INSURANCE COMPANY				20	1592	628
				18	1169	457
				19	1098	424
				21	1084	425
				27	879	334
				36	873	341
				23	869	329
				38	781	307
				33	752	293
				31	752	288
AMERICAN FAMILY MUTUAL				14	1900	651
				13	1415	480
				11	943	313
				12	743	247
				72	712	246
				96	710	238
				61	697	232
				63	697	234
				62	682	227
				70	681	226
				60	657	219
				78	544	188
				59	493	168
AMERICAN STANDARD				14	3213	1117
				13	2416	835
				11	1601	541
				12	1249	419
				72	1194	415
				96	1192	403
				61	1177	396
				63	1177	398
				62	1140	382
				70	1138	382
				60	1104	372
				78	912	316
				59	831	284

Sheet1

BADGER MUTUAL				12	979	371
				14	800	304
				15	678	259
				10	607	240
				13	580	228
DAIRYLAND INSURANCE				12	4546	1506
				18	2866	1038
				14	2568	942
				15	1954	750
				13	1469	540
				10	1454	528
ECONOMY PREFERRED				20	1510	491
				21	1358	438
				23	1091	362
				61	1091	362
				22	1075	349
				25	927	301
				50	924	307
				49	896	293
				60	870	300
				29	719	245
				28	683	242
				27	674	230
				63	659	237
FARMERS INSURANCE GROUP				47	1354	538
				37	1301	460
				45	904	323
				48	771	257
				46	715	244
				52	712	245
				28	704	241
				36	691	265
				53	686	236
				1	669	227
				31	660	238
				25	574	211
				39	482	191

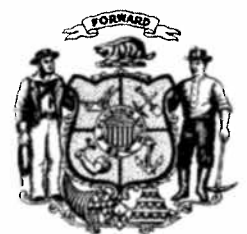
GENERAL CASUALTY COMPANY	41	1308	491
	14	1018	382
	13	799	295
	15	738	278
	12	666	267
HERITAGE MUTUAL	20	1506	449
	19	1387	416
	24	1021	314
	15	971	300
	46	740	240
	13	719	228
MIDWEST SECURITY	12	1832	632
	14	1155	384
	25	807	268
	15	791	265
	13	705	236
	26	677	229
MSI INSURANCE	1	2263	915
	51	1935	782
	10	1252	486
	61	1163	452
	21	1023	406
	71	952	373
	11	852	333
	78	848	331
	18	831	326
	68	816	324
MILWAUKEE GUARDIAN	40	1557	446
	41	1235	358
	42	985	292
	43	804	244
	13	716	217
	10	685	211

PRUDENTIAL PROPERTY & CASUALTY				45	1684	728	
				59	1169	477	
				44	1055	422	
				83	1016	403	
				46	938	379	
				84	874	355	
				57	856	347	
				41	806	328	
				28	779	305	
				82	762	312	
				58	740	316	
				71	715	294	
				42	709	292	
				56	703	308	
RURAL INSURANCE				14	1465	526	
				12	1124	397	
				15	963	335	
				25	868	315	
				13	859	303	
				23	741	260	
SECURA INSURANCE				14	1652	596	
				41	1383	504	
				54	1191	425	
				18	1023	373	
				15	883	323	
				13	761	287	
				34	760	305	
				31	648	258	
				36	648	258	
SENTRY INSURANCE				24	1618	593	
				34	1030	371	
				54	817	286	
				64	720	262	
				10	649	231	
				15	629	230	
				13	579	215	

STATE FARM FIRE & CASUALTY				43	1863	657
				44	1353	469
				47	1123	389
				29	992	340
				31	930	326
STATE FARM MUTUAL AUTO				43	1378	450
				44	1000	319
				47	830	265
				29	733	232
				31	690	223
WEST BEND MUTUAL				14	2464	731
				12	2102	620
				15	1899	556
				13	1731	502
				21	1574	467
				36	1574	465
				20	1512	448
WISCONSIN MUTUAL				20	985	376
				13	944	360
				1	859	326
				11	692	270
				22	659	252

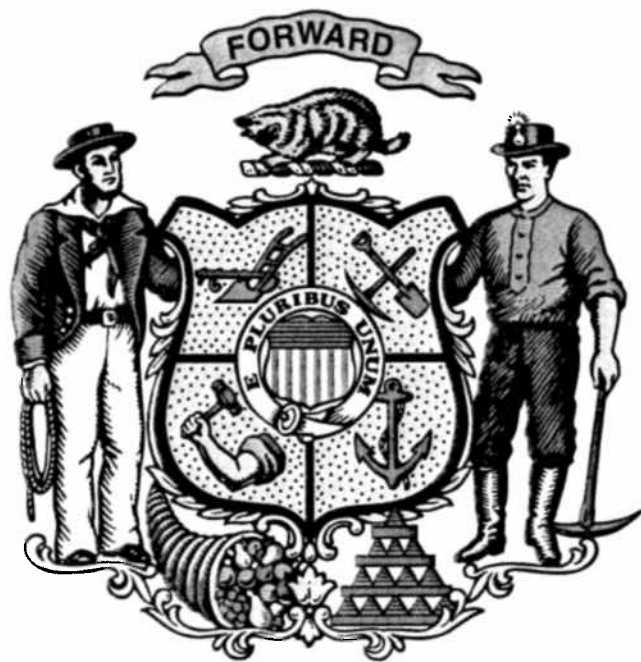


WISCONSIN STATE LEGISLATURE



MILWAUKEE AUTO RATES REVIEW -- Across Territories -- Using Exam ple 4 (Retired Couple) from the 1994 Consumer Auto Guide									
COMPANY NAME:	Allstate	AmFam Mut	Am Standard <small>a nonstandard writer</small>	Badger Mutual	Dairyland <small>a nonstandard writer</small>	Economy	Farmers	General Casualty	
LOCATION									
Burlleigh & 20th St	628.00	651.00	1117.00	371.00	1506.00	491.00	538.00		491.00
Burlleigh & 35th St	628.00	480.00	835.00	371.00	1038.00	438.00	460.00		491.00
Burlleigh & 60th St	628.00	480.00	835.00	371.00	1038.00	438.00	460.00		491.00
Burlleigh & 92nd St	424.00	313.00	541.00	304.00	942.00	362.00	323.00		278.00
Burlleigh & Pilgrim Rd	288.00	232.00	396.00	228.00	540.00	230.00	257.00		295.00
Wisconsin & 20th St	628.00	651.00	1117.00	371.00	1506.00	491.00	538.00		491.00
Wisconsin & 35th St	628.00	313.00	541.00	371.00	1038.00	438.00	323.00		491.00
Wisconsin & 60th St	424.00	313.00	541.00	304.00	942.00	362.00	323.00		278.00
Wisconsin & 92nd St	424.00	313.00	541.00	304.00	942.00	362.00	323.00		278.00
Blue Mound & Pilgrim Rd	288.00	232.00	396.00	228.00	540.00	230.00	257.00		295.00
Beloit Rd & 76th ST	334.00	313.00	541.00	304.00	942.00	362.00	323.00		382.00

State Farm Mutual	West Bend	Wisconsin Mutual	
450.00	731.00		376.00
450.00	731.00		360.00
450.00	731.00		360.00
319.00	620.00		326.00
232.00	502.00		270.00
450.00	731.00		376.00
450.00	731.00		326.00
265.00	620.00		326.00
265.00	620.00		326.00
232.00	502.00		270.00
319.00	620.00		326.00



est retailer of its kind in the nation, owns the two fastest cars starting in Sunday's Indianapolis 500. His 105-store chain operates in 11 states and has annual sales of more than \$2 billion. Menard's own net worth is estimated at \$400 million, but people are real and he pays them well," says

Story on 1D

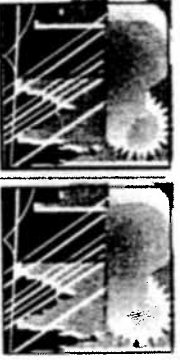
OUR READERS

kee Journal Sentinel will be published but offices will have limited circulation office, at 224-2222, Monday from 6 to 11 a.m. For classing, 224-2121, Monday hours will be on. The Public Service Bureau will

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- State News 5B
- Travel 1H
- World News 10A

WEATHER



Sunday:
Rain, 1-storms possible. High, 70-; low, 52

Monday:
Chance of showers. High, 66; low, 52.

MAP AND FORECASTS ON BACK OF SPORTS

everywhere." up here. Might as well leave him when.

Where you live is what you pay

By JACK NORMAN
of the Journal Sentinel staff

When she moved to the Brewers Hill neighborhood in Milwaukee after 20 years in suburban Glendale, Janet Fitch quickly found herself transformed into one of those "irresponsible" central-city stereotypes she long had abhorred.

Auto insurance did her in. Her son, Andy, continued attending Nicolet High School after the move, driving an old car, a \$500 beater.

But the Fitches' new Brewer's Hill address — in a rehabbed architectural gem — tripled Andy's bill for liability insurance, to \$1,800 a year.

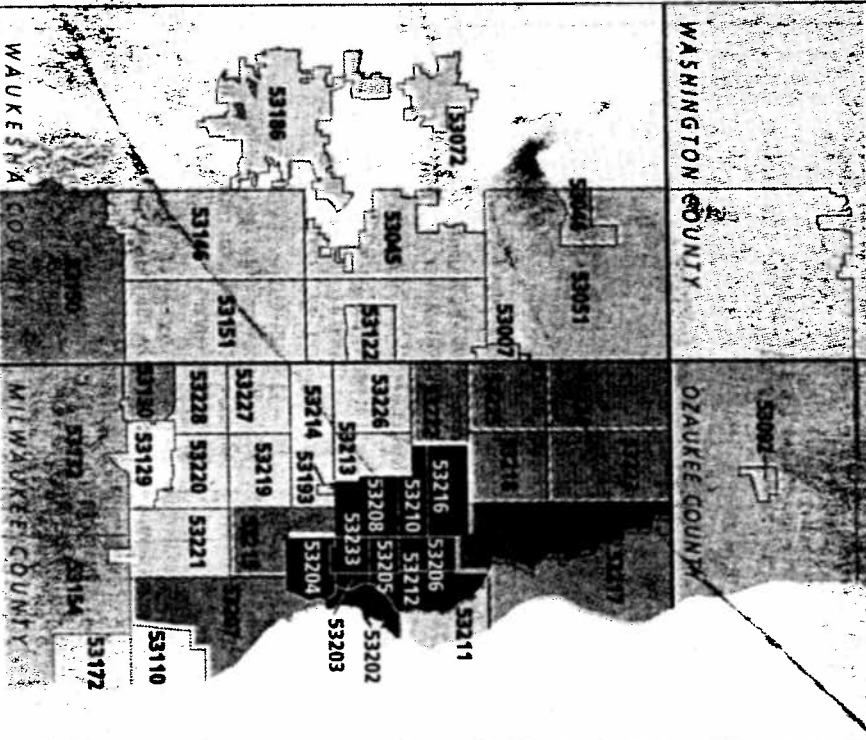
And like tens of thousands of other city residents, they couldn't afford the insurance. "It was a stereotype I had clung to, to look at the poorest people and call them irresponsible when they drive without insurance," Janet Fitch said. "All of a sudden, I felt like one of those people."

Please see **INSURANCE** page 9

5-21-95 WJS

Urban car insurance costs more

Auto insurance rates are based on where drivers live, and rates go up the closer you live to the central city. Rate zones represent a large, typical insurance firm's rates.



Rates based on:

- Married adult driving a 1992 Ford Taurus 4-9 miles to work, 10,000 miles per year, with a clean driving record.

Territory	annual rate	Territory	annual rate
1	\$1,242	11	\$659
2	908	12	659
3	848	13	614
4	844	14	587
5	681	15	573

Bodily injury \$50,000/\$100,000 Medical \$2,000
 Property damage \$50,000 Collision deductible \$250
 Uninsured/underinsured \$50,000/\$100,000 Comprehensive deductible \$100

Source: Insurance company report. TIM BLUM/Journal Sentinel

JUDGES SCOLD LAWYERS' COSTLY Legal errors cost court \$10 million

Procedural mistakes, missed deadlines in 2 cases prevent appeals

By MEG KISSINGER
of the Journal Sentinel staff

Blunders by Milwaukee County staff lawyers have cost taxpayers millions of dollars in two high-profile cases.

The conduct of the county lawyers handling the cases has been criticized by judges as inept, a charge that the county's top lawyer, Bob Ott, steadfastly denies. "We handle a lot of cases cheaply with good results," Ott says.

But in one of the cases, Appeals Court judges scolded the county lawyers for "unconscionable" and "reprehensible" conduct, charges Ott also disputes.

That case took seven years to wind its way through the courts; the other is yet to be

concluded; the other is years. The lawyers could be raising, see about the lawyers har

But Ott defend their Ellen Poul Ott and a the cases: "I in this office case and looking of the brief; yering, we selves up a silk-stockin knowledge else when v a big case county."

About 7% against the and most of efficiently a county lawyer

Yet they Please see

INSURANCE

Urban dwellers pay higher premiums, regardless of record

From page 1

Fitch's problem is common in Milwaukee and in every city in the United States. Auto insurance rates for safe drivers with clean records can be double what they are for similar drivers who happen to live a short distance away.

In the insurance business, it's called territorial pricing, and it means that your bill is based not only on who you are and what you drive, but where you live.

In urban areas, insurers say, rates are higher to compensate for more accidents, lawsuits, fraud and theft, and higher legal, repair and medical costs.

Milwaukee County, for example, is divided into three rate zones by State Farm, into four zones by American Family, and into seven zones by Allstate.

What's common to all zoning systems is that rates are lowest in the suburbs and highest in the central city, where people are poorest.

The state Senate and Assembly committees on insurance will hold a joint hearing on the topic in Milwaukee this summer. A bill would ban ZIP code-based zones in the Milwaukee area and limit insurers to two rate zones and a variation of base prices of no more than 30% within the metropolitan area.

"Urban affordability is the greatest auto insurance chal-

lenge our country faces," Steve Brobeck, executive director of the Consumer Federation of America, said during an auto insurance forum at the University of Wisconsin-Milwaukee this month.

One independent west side insurance agent summarized the problem this way: "It costs people the most who can least afford it."

The agent — who asked not to be identified — easily supplied dramatic examples of the price differences:

For a 35-year-old married man with a clean driving record and a 1992 Ford Taurus, a move of one block, from N. 61st St. in ZIP code 53213, to N. 60th St. in 53208, would raise the annual premium 22%, 66% or 87% for three of the largest insurers, increases of \$166 to \$516.

Defended by Industry

The insurance industry strongly defends its practice of basing rates on where a person lives, saying that a company creates zones based on its experience with claims in that area.

"We use natural boundaries, traffic flow, claims history, police and traffic patterns, the extent to which cars are parked on streets," said State Farm spokeswoman Roxanne Danner. "There's nothing arbitrary about it. Lines have to exist

somewhere."

But the rating system draws critics, national and local. Good drivers who live in cities are penalized, the critics say. And good drivers who live in poor neighborhoods, they say, are penalized the heaviest.



Steve Brobeck, of Consumer Federation of America:

"Urban affordability is the greatest challenge our country faces."

ZIP code lines that were put down by the post office," said Rep. David Cullen (D-Milwaukee), chief Assembly sponsor of

the bill that would ban zip-code zones. "It's an irrational factor to use."

Previous legislative proposals — always defeated — would have created a single rate zone for the Milwaukee area. This year, Cullen said, he tried to accommodate insurers by allowing two metro zones and a 30% variation in base rates across the entire four-county region.

The bill still faces stiff opposition. The chairwomen of the Legislature's insurance committees, Sen. Peggy Rosenzweig (R-Wauwatosa) and Rep. Sheryl Albers (R-Loganville), expressed reservations about the proposal, though they said they were eager to learn more about urban insurance issues.

The main problem is simply this: Lower rates for urban drivers require either lower profits for insurers or higher rates for other drivers. The industry won't accept the former, and suburban and rural legislators won't accept the latter.

The two legislative committees have asked the state Commissioner of Insurance for detailed information on zones and rates, data to be available for the public hearing.

For its part, the insurance commissioner's office doesn't acknowledge even a perception that central-city residents are victims of rate discrimination.



Cullen



Barrett

"What we can say is that we've found that losses are higher in those areas," said Phil Kress, chief of the agency's property/casualty department.

Has the commissioner ever rejected a company's proposed rate zone?

"Not that I know of," Kress said.

Little Consensus

Several dozen experts spent a day and a half debating the issue at UWM's recent forum, generating little consensus on solutions to the urban affordability issue.

They did agree that fighting insurance fraud is an important tool in keeping rates down, but disagreed on other remedies, ranging from new rules on rate zones to new forms of insurance, such as no-fault.

Baltimore community activist A. Robert Kaufman told the fo-

rum about a coalition of non-profit groups there that worked six years organizing an auto insurance buyer's club to reduce rates. The system is to start this summer.

But the experts agreed that even in states where insurance is mandatory — Wisconsin is not one of them — many drivers simply go uninsured because of the cost.

A report earlier this year by California's insurance commissioner said that 28% of vehicles there are uninsured, including more than half the drivers in low-income, minority neighborhoods.

In Wisconsin, limited statewide data is available. In 1993, 69% of cars involved in accidents had liability insurance and 13% did not; the situation for the other 18% was unknown, according to the state Department of Transportation.

All insurance is a game of subsidies: Those who don't make claims pay for those who do. You pay for the privilege of being covered, and hope not to need it.

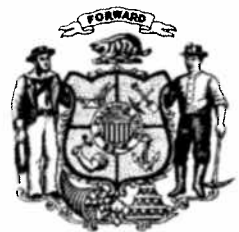
"It's more expensive in the cities. We know that," said Tom Popko, Milwaukee-based regional underwriting manager for Allstate.

"The question is, who is going to subsidize who?"

SEMI-ANNUAL INTIMATE APPAREL SALE

25% OFF ENTIRE STOCK OF CONTROL FROM
BALI, PLAYTEX, OLGA, VANITY FAIR, WARNER'S & MORE!





200 insure Co. licenses
to all Amersons
ins.

W.I. Ins. Plan

↓ COIP Quasi
Cost

Ins. cost
of part

What is not

insure.

high Risk
Subsidiary

- 1 only corp
- 2 subsidiaries
- joint buying

more open
one study
Showing

responsibility available
not

- Insurance not as aggressive
high for city

1090
- low cost plan users
high market

high high package
open

- Hours work
~~\$ 30,000~~

#0 ~~Supply~~

\$ 120,000 - Product

Product
dry and etc.

↓
better sense
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available

↓ SS

of hours in WIP
hours in country

Auto - 30
Museum

Head of
Natal

Study
Group

looking
at this
issue

Can among
Regional Co.

where
understands

your market
need to do a
better job

Homeowners Ins. IS

available in private sector
for any insurable risks

David Allen
I have been
at the ~~the~~ invitation of the holder
of the ~~the~~ invitation of the holder
vacancies in Milwaukee, ~~and~~ ~~and~~
for while in Columbus some weeks back -
at that time
in Rossington & I discussed ~~with~~
some courses which would be of particular
interest & addressings were one of them.

I cannot give you a specific date
at this time as budget items
out for public hearing is higher on
my list of priorities. I determined
once a date ~~is~~ provided with adequate
notice so that you can provide such
a hearing. C. Sen. Rosmaris

1st policy - options - no fault
- only protects your vehicle

B11 - 25,000 / per person per incident
50,000 / per incident

liability typically 1/3 -



in 1st class city
I can sell auto - ins
w/o liability

- Just mean can protect

QCI - pushing vendors

top stars for speakers

Roll - check fields
MIL - Area for responsibility
on - improvement

convention dates 5/30/95
- San. August 1995

Trying to set up meeting
w/ OCL re: top 20
writers grants ins.

→ Maps w/ streets + zip codes
+ CO's to draw lines

urban issue. but strong
willing

Milwaukee Journal/Sunday
← front page auto ins.

* Educational hearing/meeting

- territorial meeting
- To Messer pub @ UMW
- National Events - Jim Brown