



Southwestern Insurance Information Service

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Insurance News

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Rise in insurance competition favors Texas drivers

Increased competition among insurance companies has caused a drop in Texas insurance rates, according to a recent study.

Jerry Johns, the president of Southwestern Insurance Information Service, who represents about 85 percent of insurance companies, said this is a good time for Texas drivers.

"Well, it seems to be a trend in Texas that auto insurance rates are either remaining stable or predicted to decrease further," Johns said.

He attributes this to the number of competing insurance companies in the state and the competition that they introduce into the market.

"The market here is probably the best in the country in terms of it being consumer-friendly," he said. "It is by far one of the most competitive states in the U.S."

The report, released Oct. 21 by InsuranceRates.com, found that Texas insurance rates have dropped 14 percent since January and that drivers now pay an average of \$744 for a six-month period.

The median salary for Texans is \$41,290, which means that for drivers who pay the average rate of \$744 every six months, 3.6 percent of their gross income goes towards their insurance policy, ranking Texas at No. 18 on insurance affordability, according to the report.

Massachusetts drivers pay the least — roughly 2 percent of their median salary — for auto insurance, while Louisiana drivers pay the most, roughly 6.6 percent of their median income for car insurance.

The Web site, owned by InsWeb Corporation, compares auto insurance rates between top providers for public use.

Jacie Yang, a 28-year-old UT graduate student, said she noticed a substantial decrease in her auto insurance well before January and only a small decrease since.

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Yang paid a little under \$700 per six-month period when she first bought insurance about three years ago. At some point she could not verify, there was a sudden drop in rates and in September, she paid \$530, down \$13 from last March.

The Insurance Council of Texas follows changes in legislation and provides related information to insurance companies in Texas. Mark Hanna, spokesman for the trade association, said he hasn't noticed a decrease in rates but is optimistic about the report.

"In the last 12 months, I have seen a little bit of a tick on the increase, but hey, we welcome the news," Hanna said. "Taking a look at the big picture, auto insurance rates have been stable. [Texas] has always been a good place."

Jesus Olivares, an agent of Texas Prime Insurance, an insurance agency that represents Travelers, Fidelity and Progressive among others, said Progressive's premiums have decreased this year, but other companies that put more into the stock market have been increasing rates.

"With this economy going south, a lot of insurance companies have lost a lot of money," Olivares said, explaining why premiums have increased with certain companies that relied heavily on stock returns.

The InsuranceRates.com report also found that men, on average, pay more for auto insurance than women.

"Overall, males do pay quite a bit more," Olivares said. Other equally important factors in determining rates include credit, driving history and age, he said.

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