

President Biden's Insurance Comments

DURING A RECENT CNN TOWN HALL, THE U.S. PRESIDENT LINKED INSURANCE PRICING TO RACIAL INEQUITIES. IT'S NOT THAT SIMPLE, ACCORDING TO PIA NATIONAL.

BY ELANA ASHANTI JEFFERSON

SPEAKING ON Feb. 16, 2021, from the Pabst Theater in Milwaukee during a CNN Town Hall hosted by Anderson Cooper, President Joe Biden called out auto and home insurance pricing practices as part of the larger economic challenges the country currently faces.

The President specifically mentioned insurance when asked racial justice and the ongoing conversation regarding the policing of African Americans communities.

"[If] you want to get [home] insurance, and you're in a black neighborhood, you're going to pay more for the same insurance than I'm going to pay for that exact same insurance," the President said.

The National Association of Professional Insurance Agents (PIA National) released a statement the day after the CNN Town Hall because the organization said President Biden's comments needed to be contextualized:

"Insurance companies base their prices on, among other considerations, the risks posed by individual consumers, and the evaluation of risk is based on numerous factors. Race is not used as a factor in pricing because every state prohibits that sort of racial discrimination. Those existing state laws make it illegal for companies to price products in racially discriminatory ways. In every state in America, insurers are prohibited from pricing their products based on race."

CNN reported in October 2020 that on average, Black Americans pay more in mortgage interest, mortgage insurance and property taxes than homeowners from other demographic groups. Based

on reporting from MIT, this research concluded that such financial burdens contribute overall to an inability for African Americans to build wealth and save for retirement at the same rate as other racial groups.

President Biden also called out auto insurers for unfair pricing practices. "If you live in a black neighborhood, you're going to pay a higher premium on your car," the President said during the CNN Town Hall.

PIA National responded that in general, consumers who work with an agent are most likely to secure the best insurance rates:

"Professional independent insurance agents work with their clients and insurance companies every day to provide policyholders with the best available price for the most comprehensive available coverage. Indeed, professional independent insurance agents only succeed when their clients are satisfied with the products and services their agents have sold them. Moreover, policyholders value the local expertise of professional independent insurance agents, who know the regional market for their products and can appropriately evaluate the risk a policyholder poses."

A recent Consumer Reports investigation supported the

premise that different demographic groups pay different insurance prices. It found that drivers with less education and lower-paying jobs tend to pay higher auto insurance rates.

PIA National supports state-based legislative efforts to eliminate such economic discrepancies.

"Independent insurance agent expertise is enhanced by the state-based regulatory system, and that expertise would be undercut by federal legislative or regulatory intervention," PIA National said in its statement released Feb. 18, 2021. "The federal government has never been and is not now the appropriate place to address this issue. In keeping with longstanding practice, any changes to insurance pricing oversight should be made by state legislatures and departments of insurance."

