

Complaint Ratio Index Report of Maryland's Top 20 Auto Insurers for 1998

**A resource for consumers provided by the
Maryland Insurance Administration
525 St. Paul Place
Baltimore, MD 21202
1-800-492-6116
miaweb@mia.state.md.us
www.mdinsurance.state.md.us**

Introduction

The Maryland Insurance Administration is an independent state agency that regulates Maryland's insurance industry and protects consumers by ensuring that insurers and health plans act in accordance with the state's insurance laws. The Insurance Administration also is responsible for investigating and resolving consumer complaints and questions concerning insurance companies operating in Maryland.

The Complaint Ratio Index Report is a public service to Maryland consumers shopping for auto insurance coverage. This report should be considered one of many resources to consider when selecting an insurance company. Additional resources produced by the Insurance Administration include the Consumer's Guide to Auto Insurance and the Auto Insurance Rate Comparison Guide. Copies of these publications are available at Maryland Motor Vehicle Administration full-service offices, Maryland Comptroller taxpayer service offices, select Giant Food stores and local libraries. For a complete list of locations, visit the Administration's website at www.mdinsurance.state.md.us. Or, copies also may be requested by calling the Administration at 1-800-492-6116 or emailing the agency at miaweb@mia.state.md.us.

I. Explanation of Complaint Ratio Index

The Maryland Insurance Administration has prepared a complaint index report for the top twenty (20) groups of private passenger automobile insurers writing business in the State in 1998. A complaint index report shows the market share and complaint share for the selected group based on a specific line of business, which in this case is private passenger auto, including liability, property damage and all other private passenger lines. **The formula for calculating a complaint index is: Number of complaints (against company or group) by line divided by total number of complaints received against all insurers by line equals complaint share. The number of complaints divided by the market share equals the complaint index.** An index of 1.0 indicates that the group of insurers had a percentage of complaints equal to its percentage of premiums written in the state. An index of less than 1.0 indicates that the group had a percentage of complaints less than the percentage of premiums written, while an index of more than 1.0 indicates that the group had a percentage of complaints higher than its percentage of premiums written.

II. Market Share Data for Top 20 Insurer Groups

The top twenty (20) groups of insurers doing business in the state in 1998 by market share, as reported by the National Association of Insurance Commissioner (NAIC), were:

Group Name	Market Share (%)
1. State Farm	20.86
2. Allstate Insurance Group	19.41
3. Berkshire Hathaway*	14.71
4. Nationwide Corp.	10.24
5. Erie Insurance Group	5.84
6. United Services Automobile Asn. Grp	4.83
7. Progressive Group	3.46
8. Liberty Mutual Group	2.08
9. CNA Insurance Group	1.73
10. Citigroup**	1.28
11. Hartford Fire & Casualty Group	1.18
12. Safeco Insurance Group	.95
13. Ohio Casualty Group	.88
14. Lumbermens Mutual Casualty Grp.	.87
15. Brethren Mutual Insurance Company	.82
16. State Auto Mutual Group	.74
17. Prudential of America	.67
18. Consolidated Int'l Insurance Grp I***	.57
19. Agency Insurance Company of MD, Inc.	.51
20. Amica Mutual Group	.50

*Berkshire Hathaway includes the following insurers: Geico, Geico General Insurance Company, Geico Indemnity, and Geico Casualty Insurance Company.

**Citigroup includes the following insurers: Travelers Casualty and Surety Company of IL, Travelers Indemnity Company, Travelers Indemnity Company of America, Travelers Indemnity of IL., Travelers Property Casualty Insurance Company.

*** Consolidated Int'l Insurance Group I includes the following insurers: Peninsula Insurance Company and Peninsula Indemnity Company.

III. Complaint Data for Insurer Groups

The total number of closed private passenger auto complaints filed in 1998 was 7,715*. The MIA received the following number of complaints for each of the top twenty (20) groups of insurers:

Group Name	Number of Complaints
1. State Farm	1635
2. Allstate Insurance Group	1155
3. Berkshire Hathaway	749
4. Nationwide Corp.	791
5. Erie Insurance Group	235
6. United Services Automobile Asn. Grp	598
7. Progressive Group	115
8. Liberty Mutual Group	218
9. CNA Insurance Group	88
10. Citigroup	52
11. Hartford Fire & Casualty Group	252
12. Safeco Insurance Group	52
13. Ohio Casualty Group	63
14. Lumbermens Mutual Casualty Grp.	55
15. Brethren Mutual Insurance Company	43
16. State Auto Mutual Group	47

Group Name	Number of Complaints
17. Prudential of America	104
18. Consolidated Int'l Insurance Grp I	56
19. Agency Insurance Company of MD, Inc.	67
20. Amica Mutual Group	78

*The number of complaints for 1998 includes only the months of May through December because a new complaints tracking system was developed in early 1998 and implemented on May 1, 1998. The total number of complaints and the number of complaints listed for each insurer is comprised of complaints for only that period.

IV. Complaint Ratio Index for Top 20 Insurer Groups

The 1998 complaint indices for each of the top twenty (20) private passenger automobile insurance groups doing business in Maryland are:

Group Name	Complaint Index
1. State Farm	1.02
2. Allstate Insurance Group	.77
3. Berkshire Hathaway	.66
4. Nationwide Corp.	1.00
5. Erie Insurance Group	.52
6. United Services Automobile Asn. Grp	1.60
7. Progressive Group	.43
8. Liberty Mutual Group	1.36
9. CNA Insurance Group	.66
10. Citigroup	.52
11. Hartford Fire & Casualty Group	2.77
12. Safeco Insurance Group	.71

Group Name	Complaint Index
13. Ohio Casualty Group	.93
14. Lumbermens Mutual Casualty Grp.	.82
15. Brethren Mutual Insurance Company	.68
16. State Auto Mutual Group	.82
17. Prudential of America	2.01
18. Consolidated Int'l Insurance Grp I	1.28
19. Agency Insurance Company of MD, Inc.	1.71
20. Amica Mutual Group	2.02

V. Justified Complaint Data for Insurer Groups

The MIA has also created a justified complaint index. In general terms, a "justified complaint" is one in which the insurer was directed by the MIA to take action to address a consumer's concern or complaint. A comparison of the total number of complaints received to justified complaints for a particular insurer shows that not all complaints received by the MIA constitute violations of law or require corrective action by an insurer. The formula for calculating the justified complaint index is: **Number of justified complaints (company or group) by line divided by total number of justified complaints filed against all insurers equals the justified complaint share. Then, the justified complaint share is divided by the market share to arrive at the justified complaint index.**

There were 1,560 justified private passenger auto complaints in 1998, which represents 20 percent of the total number of complaints received that year. The top twenty groups had the following number of justified complaints:

Group Name	Number of Justified Complaints
1. State Farm	193
2. Allstate Insurance Group	227
3. Berkshire Hathaway	110
4. Nationwide Corp.	122
5. Erie Insurance Group	78

Group Name	Number of Justified Complaints
6. United Services Automobile Asn. Grp	60
7. Progressive Group	40
8. Liberty Mutual Group	38
9. CNA Insurance Group	30
10. Citigroup	20
11. Hartford Fire & Casualty Group	29
12. Safeco Insurance Group	19
13. Ohio Casualty Group	22
14. Lumbermens Mutual Casualty Grp.	17
15. Brethren Mutual Insurance Company	13
16. State Auto Mutual Group	14
17. Prudential of America	15
18. Consolidated Int'l Insurance Grp I	6
19. Agency Insurance Company of MD, Inc.	21
20. Amica Mutual Group	11

VI. Justified Complaint Ratio Index for Top 20 Insurer Groups

The 1998 justified complaint indices for each of the top 20 private passenger automobile insurance groups doing business in Maryland are:

Group Name	Complaint Index
1. State Farm	.59
2. Allstate Insurance Group	.75
3. Berkshire Hathaway	.48
4. Nationwide Corp.	.76

Group Name	Complaint Index
5. Erie Insurance Group	.86
6. United Services Automobile Asn. Grp	.80
7. Progressive Group	.74
8. Liberty Mutual Group	1.17
9. CNA Insurance Group	1.11
10. Citigroup	1.00
11. Hartford Fire & Casualty Group	1.58
12. Safeco Insurance Group	1.28
13. Ohio Casualty Group	1.60
14. Lumbermens Mutual Casualty Grp.	1.25
15. Brethren Mutual Insurance Company	1.02
16. State Auto Mutual Group	1.21
17. Prudential of America	1.44
18. Consolidated Int'l Insurance Grp I	.67
19. Agency Insurance Company of MD, Inc.	2.64
20. Amica Mutual Group	1.41

VII. General Complaints Data

The Maryland Insurance Administration's Consumer Complaint Investigation Section receives approximately 10,000 auto insurance-related complaints each year. Consumers, agents, insurance companies and lienholders file the complaints.

There are many different types of private passenger auto complaints filed, and they are categorized as follows:

- Underwriting and rating -- increases in premium, reductions in coverage, refusals to insure, cancellations and non-renewals.

- Sales and marketing -- agent mishandling, failure to place coverage, misquoting and policy delivery.
- Claims-related -- unsatisfactory settlement offers, denials of claims and delays in claim settlements.

The majority of complaints filed against private passenger auto insurers conducting business in Maryland are regarding underwriting and rating. For instance, of the 7,715 complaints filed between May and December 1998, 5,479 or 71 percent involved underwriting and rating issues.

###