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ALASKA LEADS THE NATION IN PROTECTING INSURANCE CONSUMERS DURING THE COVID-19 CRISIS

Insurance Director Lori Wing-Heier Steps Up on Behalf of Last Frontier Consumers

Washington, D.C. – In response to the COVID-19 crisis, Director of the Alaska Division of Insurance, Lori Wing-Heier, is leading the nation in reducing auto and other insurance costs for Alaskan consumers. “Ms. Wing-Heier is the first insurance regulator to recognize that the COVID-19 crisis is closing businesses, reducing miles driven, payroll and employment – all measures of risk exposure that determine insurance premiums,” J. Robert Hunter, CFA’s Director of Insurance. “We hope her lead will set the example for state insurance regulators throughout the nation”, added Birny Birnbaum, Director of the Center for Economic Justice.

As a result of state and local government actions to slow the spread of COVID19, many businesses have been closed and many consumers have lost their jobs and/or are sheltering in place. One result of these precautions is that, for some types of insurance, premiums that had been based on an expected risk exposure – miles driven by a consumer, payroll or number of employees for a small business – are now far too high for the now much-lower risk exposure.

For example, if an auto insurance premium is based on a policyholder driving 1,000 miles a month and they are no longer commuting to work or driving to entertainment events, that premium is now much too great for the same person driving 100 miles a month. For any individual driver, driving a radically smaller number of miles reduces their likelihood of an auto accident. When thousands of drivers radically reduce their driving, there are fewer cars on the road and far fewer accidents.

Earlier this month the Consumer Federation of America and the Center for Economic Justice sent a [letter](#) to all state insurance commissioners explaining the problem and asking for action by state insurance regulators. Director Wing-Heier acted promptly and Alaska was the

first state to take action through [Bulletin B 20 10](#) in which the Director instructs insurers to recognize the change in circumstances and adjust premiums accordingly.

“The action taken by Director Wing-Heier in Bulletin 20 10 is just one of many by the Director to protect insurance consumers for all types of personal and business insurance. Alaskans are very fortunate to have a national leader in charge of insurance consumer protection. We thank the Director for work on behalf of insurance consumers and urge her to share her expertise and insight with insurance regulators in other states,” said Hunter.

[The Consumer Federation of America](#) is an association of more than 250 nonprofit consumer organizations that was established in 1968 to advance the consumer interest through research, advocacy, and education.

The Center for Economic Justice is a non-profit organization that works to increase the availability, affordability and accessibility of insurance, credit, utilities, and other economic goods and services for low income and minority consumers. Birny Birnbaum, Director of CEJ, has been a designated consumer representative at the NAIC for nearly 20 years.