Healey calls on auto insurers to cut rates during low-traffic coronavirus

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With fewer drivers on the roads and fewer crashes during the coronavirus shutdown, Attorney General Maura Healey and others are calling on auto insurers to give back some of the money they're saving.

"It's incredibly important that car insurance companies are responsive to consumers throughout this crisis and should consider reducing rates to reflect decreased risk," the AG's office said in a statement to the Herald. "This is an area that we will continue to monitor."

The AG's Insurance and Financial Services Division represents the public interest in rate hearings.

People are being told to stay home during the ongoing COVID-19 crisis, and many businesses either have shut their doors or are telling employees to work from home.

With fewer people on the road — a fact borne out by Department of Transportation traffic data and easily observed by anyone who breezes through at what used to be rush hour — there are fewer crashes, which means that insurance companies have lower risk and fewer claims to settle. So the insurers are having to pay out less money, while local drivers continue to pay some of the highest rates in the nation.

"Those savings really can be and should be passed back to the consumer, because they're really not getting anything for their money at this point," transportation advocate Matt Casale of MassPIRG told the Herald.

Some insurance companies have acted already. USAA, which insures active-duty members of the military, veterans and their families, is giving its members a 20% credit on two months of premiums.

"Early data trends show USAA members are heeding the calls to suspend nonessential travel, leading to fewer miles driven and fewer accidents," the organization said in a statement.

Allstate, Geico, and Liberty Mutual, all citing similar observations, announced their own credits.

State regulators overseeing the market check on three different elements: whether insurers are discriminating, whether they're charging an "excessive" amount or whether they're massively undercharging, which can be a strategy to clear out competition. Regulators, who insurers have to report to whenever they change rates, likely will be eyeing those last two as this moves forward, said Paul Tetrault of The Insurance Library, a research nonprofit in Boston.

Tetrault said normally the insurance companies in Massachusetts are quite responsive to trends in risk going up or down, but there's not analogue in recent history for what happens when risk essentially bottoms out for an extended period of time like this. What happens, he said, likely will depend on how quickly the economy revs back up.

"If it's a real short-term period, you'd expect to see less impact, but if this results in less driving in a long period, it will work itself out over a longer time," he said.