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April 18, 2024

Honorable Cassie Brown
Commissioner of Insurance
Texas Department of Insurance
1601 Congress Ave.
Austin, Texas 78701

Honorable Commissioner Brown:

Below is our response to a question posed during the rate hearing held on April 16, 2024, regarding TAIPA's request for private passenger and commercial auto rate increases to be effective September 1, 2024.

Question: On the private passenger auto Personal Injury Protection, the current indicated rate change is -15%. The proposed is 0%. What has been the historical trend for indicated rate changes for PIP?

Response: In the past several TAIPA private passenger auto rate filings, the PIP rate indications have generally been single-digit rate increases. Under the prior actuary's approach, a single rate indication is not always provided for each coverage. Instead, a few statistics are usually presented in support of the proposed rate action.

In the rate filing effective 6/1/2023, the indicated PIP rate change was +6.9%, in support of a proposed change of +5.0%. The rate indication was based on the three-year trend in PIP claim severity, which was not distorted by the pandemic-related decline in claim frequency. The indication inherently assumes no trend in claim frequency.

In the previous PPA rate filing effective 3/1/2020, the actuary primarily relied upon the three-year linear trend in paid pure premiums of +4.0% to support a rate change of the same magnitude.

In the rate filing effective 3/1/2019, the actuary presented four annual trend statistics in the range of +1.6% to +3.9% to support a rate change of +2.4%.

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In the rate filing effective 3/1/2018, trend statistics of +0.2%, +1.4%, and +6.6% were used to justify a PIP rate increase of +4.3%. The largest value among the indications was the one-year change in paid pure premiums, which was primarily caused by an increase in PIP claim frequency over the final two quarters of the experience period used in the filing.

Please let us know if you would like any additional information regarding the historical personal auto PIP rate indications.

Sincerely,



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