

## Geico drops car insurance rate hike

*by Business-Journal*

Geico, the largest provider of auto insurance in the state, has agreed to withdraw a rate increase request for New York drivers.

The insurer had requested a rate increase with the State Insurance Department for Geico and Geico General, which together write more than 75 percent of the company's auto insurance policies in the state. The withdrawal followed a discussion with the state Insurance Department on how higher gas prices are reducing the number of miles New York motorists drive.

The company, whose Northeast Operations Center is housed in Amherst and employs 1,500 workers, also agreed to reduce its rate increase request for a third division, Geico Indemnity.

Other insurers will also now be required to assess the impact of reduced driving on their rates under a bulletin issued by the Insurance Department Aug. 6. In a prepared statement, state Insurance Superintendent Eric Dinallo said reduced driving resulting from increased gas prices should result in fewer accidents and less crowding on roads, resulting in lower auto claims costs for insurers.

"My job is to make sure that these savings are passed on in the form of lower rates for New York drivers," he said.

Dinallo's office cited U.S. Department of Transportation statistics showing the number of miles Americans drove dropped in May for the seventh straight month. New Yorkers drove 4 percent less in May 2008 than May 2007, a reduction of 500 million vehicle-miles. The drop-off is expected to continue.

Currently, automobile insurance rate increases require prior approval from the insurance department. The bulletin issued Wednesday, known as a Circular Letter, instructs companies with pending rate requests to submit a supplement with their assessment of the impact on rates and rate requests of reduced driving before the department approves any rate filings.

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