

**Media Attention, Insurance  
Regulation and Liability Insurance**

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# Media Attention, Insurance Regulation and Liability Insurance Pricing

Martin M. Boyer

## Abstract

The goal of this paper is to test whether the threat of regulating (or of more stringent regulation of) automobile liability insurance as portrayed in the popular and industry press induces insurers to change the way they price their policies. More to the point, using quarterly state data from 1984 to 1993 we attempt to determine whether insurance companies reduced premium increases to avoid regulation, a test we call the *Regulatory Threat Hypothesis*. Our results suggest that automobile liability insurance premiums increase at a slower pace (or decrease) in the presence of a regulatory threat.

JEL : G22, L5, C35

*Keywords* : Regulation, Voluntary Price Restraints, Automobile Liability Insurance, Regulatory Threat.

## Résumé

Le but de cet article est de tester si les menaces de réglementation de l'assurance responsabilité des automobilistes, telles que véhiculées par la presse populaire et professionnelle, ont incité les assureurs à modifier la manière dont ils fixent les primes. Plus spécifiquement, nous utilisons des données trimestrielles pour voir si les assureurs ont réduit leurs primes pour éviter d'être réglementés. Nous testons alors ce que nous appelons l'*hypothèse des menaces de réglementation*. Nos résultats semblent indiquer que les primes d'assurance responsabilité automobile ont crû à un rythme plus faible en présence de menaces de réglementation.

JEL: G22, L5, C35

*Mots clés* : Réglementation, réduction volontaire des prix, assurance automobile, menaces de réglementation.