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THE PRICING EFFECTS OF EUROPEAN UNION INSURANCE LIBERALIZATION ON ITALIAN MOTOR INSURANCE

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Shifting from a government-controlled system of motor insurance regulation to a market-based system has caused unexpected outcomes in Italy. Although there is more competition since deregulation occurred twelve years ago, the government has had mixed results attempting to continue to control the market. This presentation will examine how pricing deregulation on the European Union level has caused significant changes in the Italian market. Furthermore, it will seek to develop a national solution for regulation of auto insurance pricing within the United States using Italian experience. Regulation in the insurance industry in the United States has been a subject of debate for quite some time, and although there has been consensus among researchers on the need to change current regulations, agreement on changes to make has not been quite as simple. The recommendation of this study is to implement a system of federal supervision in pricing regulation, while allowing states to conduct day-to-day oversight.