

# AUTO INSURANCE REPORT

The Authority on Insuring Personal and Commercial Vehicles

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### Smaller Advertisers Pulled Back During Pandemic

While many of the biggest insurers invested in their advertising during the pandemic uncertainty of 2020, most smaller insurance advertisers either slowed or reduced the pace of their spending, according to an analysis by **Dowling and Partners Securities**.

Insurers outside the top 20 increased their advertising spending by 2.1% to \$681 million in 2020, compared to an 11.5% increase by the top 20 to \$9.11 billion. (For more on the big advertisers, see [AIR 5/3/21](#)).

The drop was most significant among the very smallest advertisers. Those with budgets below \$7 million cut spending 22.7% to a total of \$318 million. Insurers ranked 20th to 50th increased

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## Louisiana's Donelon: An Insider Who Has Stayed Outside the Big Sleazy

Holding court in a coffee shop less than a mile from the home his father-in-law built 46 years ago, just outside New Orleans on the south shore of Lake Pontchartrain, **Louisiana Insurance Commissioner Jim Donelon** is absolutely beaming as he reminisces about misfits, mischief and missed opportunities during a lifetime in this state's notorious political circus.

Friends and neighbors pop over to his table to say hello in between stories about growing up in half a double shotgun house on Baudin Street in the Mid-City neighborhood of New Orleans; the good fortune of meeting **Merilynn Boudreaux**, his wife of 53 years, during the second go-round of a college literature class he failed the first time for having never attended; and ferrying **Harry Connick Sr.** (the famous crooner's now 95-year-old father) from one campaign stop to another during his first bid for Orleans Parish district attorney in 1973 against **Jim Garrison**,

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## Florida Insurers Press Governor To Veto PIP Repeal Legislation

Auto insurance trade groups are urging **Florida Gov. Ron DeSantis** to veto legislation overhauling the state's no-fault system, and at least one lobbyist expects him to do just that. Under the new law, drivers would have to have bodily injury coverage, and insurers would have to offer medical payments coverage beginning Jan. 1, 2022.

Despite intense lobbying – and more than 28,000 letters from consumers – lawmakers passed [Senate Bill 54](#), requiring drivers to carry at least \$25,000 in bodily injury coverage for one person and \$50,000 per accident, while maintaining the current requirement for at least \$10,000 in property damage liability coverage. It also requires insurers to offer at least \$5,000 in medical payments coverage, and it includes \$10,000 by default if the policyholder does not opt out or choose a different amount.

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whose conspiracy theories about the JFK assassination were memorialized in a film by **Oliver Stone**.

This is Jefferson Parish, where the Donelon name has been a part of the political fabric since the commissioner's uncle Tom became mayor of Harahan in 1958 followed by three terms as parish president. Jim Donelon has run in and lost so many elections it has become something of a joke that even he laughs at, but he's an extremely patient man. Having waited until his 62nd year to be elected to statewide office, he is not easily dissuaded.

As commissioner of insurance in one of the most complex – and by acclaim the most corrupt – insurance markets in the nation, he has somehow lured capital into a high-risk catastrophe zone, attracted the Black vote despite criticism that he allows insurers to discriminate by proxy,

***Having waited until his 62nd year to be elected to statewide office, Jim Donelon is not easily dissuaded by setbacks.***

and perhaps most impressive of all, after 15 years in office he has avoided the prison terms meted out to three of his four predecessors. He was picked for the job even though he was in the wrong party, perhaps because an honest man is hard to find, but probably because few other people with the chops to do the job well wanted it.

When you've run as many races as Donelon has, you develop a tough skin. For every person who credits him with stabilizing one of the nation's most challenging property insurance markets after Hurricane Katrina, there are many more blaming him for their unaffordable auto and homeowners policies.

But he couldn't be happier.

"With the stroke of a pen, once a week, I do something that affects millions of people and thousands of businesses all over our state," Do-

nelon says. "I get great satisfaction out of doing it, as I see it, the right way."



Despite entreaties from his parents, Donelon abandoned dreams of becoming a Sputnik engineer (he couldn't handle the theoretical calculus) and followed his uncle into politics, as a conservative Democrat until 1980, thereafter as a Reagan Republican. He hitched his wagon to the populist Congressman **Edwin Edwards**, working on the first of his four gubernatorial campaigns and then serving as his executive counsel. That was long before the Cajun King's numerous corruption indictments, the last of which sent him to prison.

The first stop in Donelon's long political journey outside of the fraternity council at the **University of New Orleans** and the Student Bar Association at **Loyola University College of Law** was a failed campaign for district attorney for which, at age 27, he was just barely qualified – having been licensed as a lawyer just three months longer than the minimum three-year requirement. He had success at last with his election as chairman of the **Jefferson Parish Council** in 1975 followed by back-to-back bruising losses in races for lieutenant governor in 1979 and Congress in 1980.

Donelon's election to the state Legislature in 1981 began a long period of political contentment, during which he raised his four daughters while practicing law and serving as a JAG officer in the **Louisiana Army National Guard**, retiring in 2001 as a colonel after 33 years.

He thought he might have to resign in 1993, when a political scandal erupted over the tradition of legislators awarding their own children and the children of other politicians free tuition to **Tulane University**, a perk Donelon pursued for one of his daughters.

As the scandal made headlines, "my wife was dying a thousand deaths, honestly," Donelon recalls. However unsavory, the scholarships were

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**Louisiana Insurance Commissioner Jim Donelon, on the shore of Lake Pontchartrain***Sophia Germer photo***DONELON** *Continued from Page 2*

legal, and [“Tuitiongate”](#) eventually blew over.

During his fifth term in the House, Donelon was on the move again.

In 1998, he did the political equivalent of jumping off a cliff when he ran for **U.S. Senate** against the wildly popular Democratic incumbent, **John Breaux**. And a year later, Donelon lost a race for district court judge in which he was the hands-down favorite. (His tough-on-crime opponent, [Ronald Bodenheimer](#), spent more than three years in federal prison as a key figure in Operation Wrinkled Robe, an investigation of corruption in the Jefferson Parish courthouse.)

“Jim is not the kind of guy who, when he got knocked down, was mad,” says **Danny Martiny**, the longest continuously serving Republican in the Louisiana Legislature before his retirement last year due to term limits. “He got up, dusted

himself off and moved on to the next thing. He really found his niche in the insurance commissioner’s job.”

Now 76, Donelon is in his 16th year as Louisiana’s elected insurance commissioner – second-longest in the country after Washington Insurance Commissioner **Mike Kreidler** – and he’s already decided to run again in 2023.

Should he win, it will have been with no help from his wife, a recently retired pharmacist whom everyone knows as Mopsy. At a going-away party in March celebrating their youngest daughter’s move to Dallas for a banking promotion, Donelon was talking about his intentions within earshot of his wife: “You can run,” he recalls her saying, “but *I’m* not going to *anything*.”

The way Donelon sees it, there will still be plenty of work to do when his current term is up, including managing a new generation of industry

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overseers. **Rich Piazza**, the chief actuary, and **Caroline Fletcher**, the deputy commissioner for financial solvency, are retiring, and more are sure to follow.

“I am rebuilding that senior staff with young people,” Donelon says. “To be honest with you, I would be upset to watch it fall apart if I were at home collecting my retirement and watching what we worked so hard to do dissipate.”

So many of the issues that make Louisiana an unattractive insurance market seem utterly intractable.

Louisiana’s neglected roads and dangerous drivers are met with a litigation climate that inflates auto insurance costs, making it so expensive that 45% of drivers buy policies with minimum limits and large numbers risk driving with no coverage at all. Climate change is exacerbating Louisiana’s exposure to unrelenting tropical storms – like the [\\$9.6 billion](#) triple threat of Laura, Delta and Zeta that made 2020 the state’s second-costliest hurricane season after 2005, when hurricanes Katrina and Rita devastated lives, neighborhoods and the property insurance market with nearly [\\$29 billion](#) in insured losses.

But judging by the many elections Donelon lost before his long tenure as insurance commissioner – as well as his ability to keep his office free of corruption charges – the man is undaunted by long odds.

“This state has a history of challenging insurance commissioners,” says **Tim Coulon**, executive director of the **Jefferson Business Council** and a former Jefferson Parish president who met Donelon early in his political career. “Whether you like everything Jim has done is immaterial.



**Commissioner Donelon worked at home about once a week through the pandemic, traveling most days to his Baton Rouge office.** Sophia Germer photo

It’s the fact that he brought stability and consistency.”

Donelon seems to genuinely relish walking the tightrope required to keep insurers writing coverage in an unprofitable auto market and catastrophe-prone property market while convincing the state’s voters that he’s protecting their interests with, among other things, his prior approval of rates. Most of the \$22 million his department recovered in response to consumer complaints in 2020 came from insurers shortchanging victims of last year’s hurricanes. Yet every four years, Donelon has to defend his record against biting criticism that he neglects consumers in favor of the insurance interests that bankroll his election.

From Donelon’s vantage, the best way to fulfill the Insurance Department’s mission to protect consumers is to make Louisiana a more hospitable place for insurers to compete, and the best way to do *that* is to let them charge actuarially justified prices using rating and underwriting factors permitted by law while enforcing statutory guardrails, like the 1992 law that bars car-

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riers from dropping homeowners policies after three years. (Insurers *hate* that law.) Consumer advocates and trial lawyers, however, criticize Donelon for doing the industry's bidding at the expense of consumers' rights.

As a legislator, Donelon pushed for a "no pay, no play" bill that prevents most uninsured drivers from suing to recover damages in an accident. Over the years, he and the broader business community pressed for tort reforms in an effort to reduce the litigation costs that make it impossible to find coverage for logging trucks, school busses and the vans that transport the elderly to medical appointments.

Last year, as the COVID-19 pandemic ravaged his state, Donelon made repeated trips to the Capitol to make the case in favor of tort reforms and against restrictions on rating factors, like gender. "I would say to myself, is it really worth risking my life to go testify in this committee? I did it a half-dozen times and got away with it."

The Legislature passed [House Bill 57](#), which enables more cases to receive jury trials; bars juries from hearing how much insurance defendants have; puts some limits on recoveries for medical expenses; and allows evidence about the failure to wear seat belts. (See [AIR 7/20/20](#))

Donelon thinks the legislation will help, but compromises weakened it too much to deliver the 25% auto insurance savings he hoped for; consumer advocates call it a business giveaway disguised as a way to lower auto insurance costs.

"The cost of insurance is too high in Louisiana, and things have only gotten worse during the 15 years of Commissioner Donelon's reign," says **Douglas Heller** of the **Consumer Federation of America**. "However, in a world where a big campaign war chest can be hard to overcome, the insurance industry has been more than happy to contribute millions to keep Donelon in office."

According to [FollowtheMoney.org](#), insurance

businesses and people associated with them contributed \$1.6 million of the \$6.3 million Donelon has raised for races dating back to 1999, when he chaired the House Insurance Committee.

Invariably, political opponents link those campaign contributions to his defense of unpopular practices, like charging single people or those with low credit scores higher auto insurance rates. But Donelon explains that these drivers pay more because actuaries have demonstrated they produce higher losses.

"The insurance commissioner's job is a very thankless job, especially in a state like Louisiana, where we've got some of the highest insurance rates," Martiny says. "There are a lot of things you can criticize Jim about if you want, but he's not a crook."

It may seem like a low bar, but in Louisiana, that's a high compliment.

***Donelon's mother didn't want him to work at the state Insurance Department, fearing he'd end up in jail.***



When Donelon joined the **Louisiana Department of Insurance** as chief deputy commissioner in 2001, he was already familiar with the state's insurance cesspool.

A decade earlier, he was vice chair of the House Insurance Committee as the state faced a meltdown in the nonstandard auto insurance market. About 15 carriers failed, some of which had paid bribes disguised as contributions to former Commissioner [Sherman Bernard](#) in exchange for licenses to sell insurance. [Doug Green](#), running as a reform candidate, unseated Bernard, who eventually went to prison on extortion charges. But then Green, too, landed in prison on bribery charges in connection with the 1989 collapse of **Champion Insurance Co.**

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“The executives went to jail, and the commissioner went to jail because of the corruption,” Donelon says of the Champion fiasco, which left the state guaranty fund on the hook for about \$126 million in unpaid claims, \$11 million of which was recovered in liquidation. “The insurers that had to be assessed took credit on their premium taxes over 10 years for those assessments.”

Next up was **Jim Brown**, a onetime close friend turned adversary, whose son is Donelon’s godchild. Over nine years in office, beginning in 1991, Brown shut down failing insurance companies and restored the Insurance Department’s credibility as a solvency regulator with tighter regulation and accreditation from the **National Association of Insurance Commissioners**.

Despite these accomplishments, he became

**As commissioner, Jim Brown stabilized the market, and though he insists he was framed, still went to prison.**

the third successive commissioner to end up in prison, convicted of lying to the FBI after getting caught in the crossfire of a corruption investigation that did not involve him. (To this day, Brown fiercely [proclaims](#) he was framed.)

Brown’s deputy and political ally, **Robert Wooley** served as acting commissioner while Brown fought the charges. In 2001, Wooley plucked Donelon from the Legislature to serve as his chief deputy.

Donelon’s family, especially his mother, thought he was crazy for taking the job.

**Lola Donelon**, who died in December 2019 at age 97, was “the rock” of her son’s life, the woman who held the family together during his father’s struggles with mental illness, encouraging her children’s personal and professional success.

“My mother’s words to me were, ‘Jim, you

can’t do that. They’re all going to jail,’” he recalls. “I said, ‘Just trust me, I’m not going to jail.’”

His second-oldest daughter, **Erin Donelon Alford**, a professor at **Tulane Law School**, had a similar reaction. “Dad, you can’t go there. They’re all going to jail,” she told him. It took Erin’s husband, **Raley Alford**, whose own father was a big-time Democratic operative, to “convince my daughter to stop worrying about me,” Donelon says.

Admittedly, Donelon was a bit worried himself.

“The entire time I worked for Robert, those five years, we were paranoid the whole time and literally assumed our phones were bugged,” he says.

After Brown’s appeal failed and he was forced to resign as commissioner, Wooley reluctantly ran for his seat in 2003. Wooley told Donelon he planned to step down early to return to the private sector, though he waited until February 2006 to help deal with the aftermath of Hurricanes Katrina and Rita. Unable to find another Democrat who wanted to run for the seat, Wooley passed the baton across the political aisle to Donelon, who narrowly won a special election to keep the job, and then won four subsequent terms.

Donelon’s most serious challenge came in 2019 from **Tim Temple**, who contrasted his experience as an insurance agent and his leadership at a catastrophe response company working on the 2010 **BP** oil spill with the motives of life-long politicians, like Donelon. Temple’s father owned a workers compensation insurer and was founding chairman of the **Louisiana Workers Compensation Corp.**, which was created by constitutional amendment in 1991 to save a failing industry. Now running his family investment business, Temple spent \$1.8 million of his own money in the campaign, on which Wooley, Donelon’s former boss, was a paid consultant.

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For all the difficulty regulating insurance in a complex market, Donelon's worst day on the job had nothing to do with storm-ravaged communities or high auto insurance rates.

It was 2011, and Donelon had fallen asleep in the car driving him back to the office in Baton Rouge from a speaking engagement in Lafayette. As they crossed the elevated section of Interstate 10 over the Atchafalaya Basin, his driver woke him because the phone wouldn't stop ringing.

The news was brutal. Two of his best fraud investigators – **Kim Sledge**, 44, and **Rhett Jeansonne**, 39 – were shot and killed by an insurance agent who also killed himself. The agent, “was preying on French-speaking country people who didn't have checking accounts who were paying him in cash for their insurance,” Donelon says. “He was pocketing the money and not getting them covered.”

Ten years later, the shooting still weighs heavily on him.

“I had to call the widow and widower before the news media got it to tell them that their spouse had died,” he recalls. “Easily, it was the worst day of my life, and it will be, I'm sure, until the day I die.”

Half the fraud investigators now carry guns, and they accompany colleagues in potentially dangerous circumstances.

“As commissioner of insurance, he felt very

responsible,” says Piazza, who is retiring as chief actuary in July after 29 years. “Not that it could have been prevented, but there was no question changes had to be made.”

Industry observers credit the work Wooley started and Donelon completed to navigate the insurance crisis wrought by Hurricane Katrina and rebuild the market with support from the late Democratic Gov. **Kathleen Babineaux Blanco**.

A key, but controversial, step was the 2007 legislation that scrapped the highly politicized **Louisiana Insurance Rating Commission**, moving approval for insurance rates to the Insurance Department. Donelon had been calling for its abolition for years, first as a legislator and then as Wooley's deputy.

“They were good people, but they didn't have to know a thing about insurance to be on the insurance rating commission,” says Piazza, whose politically unpalatable recommendations to accept actuarially justified rate hikes were often unheeded. “They were instructed what to do or not to do by the governor.”

While insurers prefer more rating flexibility, Donelon believes the prior approval system is best able to protect consumers from inappropriate practices that could result from the sophisticated algorithms and artificial intelligence that insurers increasingly rely upon. He employed that power to prevent **State Farm** from using a model that projected much higher losses than its other models, and he threatened to reject filings

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that used price optimization to adjust rates based on a customer's sensitivity to price changes.

To lure capital into the battered post-Katrina market, the state also started offering \$100 million in incentive grants to insurers willing to commit to five years in the state with 25% of new business coming from **Citizens Property Insurance Corp.** Citizens was created in 2002 to replace the FAIR Plan and coastal residual market, whose unlimited assessments deterred carriers from entering the Louisiana market. Like its counterpart in **Florida**, Citizens shifted the risk of losses onto policyholders, not the insurers unwilling to write these risks in the first place.

By the time Katrina hit, Citizens was rife with mismanagement and corruption, Donelon says. It couldn't balance its books, and class-

***"My job is to regulate insurance. It's not to redistribute wealth," Donelon says. "I don't have a voice in that."***

action lawyers eventually won settlements to the tune of \$260 million for the insurer's failure to pay hurricane claims on time. All the while, new policies were pouring in as private insurers retreated from the market. By 2008, Citizens' market share spiked to 9.8%, making it the third-largest property insurer in the state.

With 32 new carriers writing property coverage in Louisiana, the market share of Citizens fell to 0.5% last year.

While plenty of homeowners are still reluctant to buy coverage from insurers that aren't household names, the market share of the two leading insurers – State Farm and **Allstate** – has dropped from 52% before Katrina to just 36% in 2020. Even after last year's record-setting hurricane season, which produced a statewide incurred loss ratio nearing 250%, Citizens required just a 2.3% rate increase, because of its lower exposure and high levels of reinsurance, says

Donelon, who approved the increase in March.

"What they've done since Katrina is almost remarkable," says **Fred Karlinsky**, an insurance regulatory attorney who has represented entrants to the Louisiana market. "Jim's ability to make sure that the marketplace can withstand any of the external pressures, whether they be weather or the trial bar or others, is second to none."

Having stabilized the property insurance market, Donelon sees the auto insurance market as the biggest piece of unfinished business. He points to excessive litigation and distracted driving as the main culprits, not the rating factors that consumer advocates readily target.

When critics decry his approval of rate filings that use credit-based insurance scores, the commissioner points to the state law that allows them and explains the reasons why.

"A third of our population is minority, and there is no denying the fact that the use of credit, which is actuarially justified by everyone's agreement – no question about it – is more heavily burdensome to those minorities than it is to the non-minority," he says. But prohibiting the use of credit scores would hurt other credit-worthy minority drivers in higher-risk ZIP codes, he says, like retirees in the Tremé neighborhood of New Orleans.

"My job is to regulate insurance," he says. "It's not to redistribute wealth. It's not to expand Medicaid. It's not to do any of those social programs that are being talked about so much these days. I don't have a voice in that."

Donelon is quick to point out the support he receives from Black voters. "I carried the African American vote comfortably in the last election, and I am very, very proud of that," he says. "I got 53% of the vote statewide. I got 53% of the vote in my home parish of Jefferson. I got 52% of the vote in Orleans Parish, which is two-thirds African American. That speaks volumes to me about the job that I've done and the representation I've made in minority areas."

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## Insurance Company Advertisers Ranked 21-50

'20 Ad Rank	Group	Advertising (\$ millions)					Year Over Year Change			Points on Statutory Combined Ratio		
		2016	2017	2018	2019	2020	18/17	19/18	20/19	2018	2019	2020
21	Chubb Ltd Group	\$27	\$25	\$28	\$26	\$23	13%	-7%	-11%	0.1%	0.1%	0.1%
22	American International Group	\$19	\$26	\$26	\$19	\$22	2%	-25%	11%	0.2%	0.1%	0.2%
23	Lemonade Insurance Co.	\$0	\$8	\$6	\$15	\$21	-19%	146%	36%	15.1%	14.7%	49.2%
24	Auto Owners	\$27	\$23	\$20	\$21	\$20	-12%	5%	-6%	0.3%	0.3%	0.2%
25	Shelter Insurance Group	\$13	\$18	\$18	\$17	\$19	3%	-5%	11%	1.0%	0.9%	1.0%
26	Sentry Insurance Group	\$2	\$4	\$12	\$17	\$18	222%	43%	10%	0.5%	0.7%	0.7%
27	FM Global	\$15	\$17	\$18	\$19	\$18	5%	6%	-3%	0.5%	0.5%	0.4%
28	Zurich NA	\$24	\$22	\$22	\$19	\$17	0%	-17%	-10%	0.5%	0.5%	0.4%
29	Jewelers Mutual Group	\$10	\$10	\$11	\$13	\$15	9%	19%	11%	5.1%	5.5%	5.7%
30	Assurant Inc Group	\$6	\$10	\$12	\$14	\$14	20%	22%	-2%	0.4%	0.5%	0.5%
31	Allianz Insurance Group	\$11	\$12	\$12	\$8	\$12	7%	-36%	56%	0.5%	0.2%	0.5%
32	Plymouth Rock	\$6	\$7	\$9	\$12	\$12	22%	33%	4%	1.1%	1.4%	1.3%
33	Alfa Insurance Group	\$9	\$10	\$10	\$11	\$11	5%	12%	-3%	0.8%	0.9%	0.8%
34	Wawanesa General	\$4	\$5	\$8	\$10	\$10	57%	26%	3%	1.6%	1.8%	1.9%
35	Cooperativa de Seguros	\$9	\$10	\$9	\$10	\$10	-4%	2%	5%	4.0%	3.6%	3.6%
36	Kemper Corp	\$11	\$12	\$13	\$14	\$10	8%	7%	-27%	0.3%	0.3%	0.2%
37	Arch Insurance Group	\$7	\$9	\$14	\$12	\$9	53%	-11%	-27%	0.5%	0.4%	0.3%
38	California Casualty	\$7	\$6	\$5	\$8	\$8	-10%	56%	7%	1.3%	2.0%	2.1%
39	Acuity Mutual	\$10	\$9	\$9	\$9	\$8	-1%	-7%	-3%	0.6%	0.5%	0.5%
40	Cuna Mutual Group	\$1	\$1	\$3	\$3	\$8	263%	-22%	224%	0.4%	0.3%	0.9%
41	Tokio Marine	\$10	\$10	\$10	\$11	\$8	3%	7%	-24%	0.2%	0.2%	0.1%
42	MAPFRE	\$9	\$8	\$9	\$11	\$8	23%	18%	-27%	0.4%	0.6%	0.5%
43	Tennessee Farmers	\$8	\$8	\$8	\$9	\$8	0%	15%	-8%	0.6%	0.6%	0.6%
44	Fairfax Financial	\$8	\$7	\$8	\$8	\$8	11%	2%	-2%	0.1%	0.1%	0.1%
45	Michigan Farm Bureau	\$4	\$4	\$4	\$5	\$8	2%	21%	56%	0.6%	0.6%	1.0%
46	Kentucky Farm Bureau	\$5	\$6	\$6	\$8	\$8	3%	25%	2%	0.6%	0.7%	0.7%
47	GoAuto Insurance Co.	\$3	\$4	\$4	\$8	\$7	20%	86%	-14%	13.3%	24.7%	20.5%
48	Iowa Farm Bureau	\$5	\$4	\$6	\$7	\$7	50%	20%	-3%	0.4%	0.5%	0.5%
49	American Pet Insurance Co.	\$3	\$3	\$4	\$4	\$7	12%	9%	77%	1.4%	1.2%	1.5%
50	Texas Farm Bureau	\$9	\$7	\$8	\$8	\$7	11%	-2%	-11%	0.6%	0.6%	0.5%
TOP 20		\$5,849	\$5,956	\$6,795	\$8,171	\$9,112	14%	20%	12%	1.9%	2.2%	2.5%
TOP 21-50		\$282	\$303	\$334	\$355	\$363	10%	6%	2%	0.4%	0.4%	0.4%
All Other		\$375	\$397	\$407	\$411	\$318	3%	1%	-23%	0.2%	0.2%	0.2%
P&C INDUSTRY		\$6,507	\$6,655	\$7,535	\$8,937	\$9,792	13%	19%	10%	1.2%	1.4%	1.5%

Sources: S&P Global Market Intelligence, NAIC, Company Reports, Dowling & Partners Analysis

Advertising expenditures are pulled from the statutory Underwriting and Investment Exhibit Part 3, Line 4 and consist of services of advertising agents, public relations counsel, space in publications, literature for advertising/promotional purposes, drawings in connection with advertising, printing/paper charges in bills covering advertising, media broadcasts, prospects/mailling lists and signs for agents, and souvenirs for general distribution.

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their spending a modest 2.1% to \$363 million.

Property insurer **Lemonade** stands out with a steady rise in spending that should surge as the company starts offering auto insurance. With a stock market capitalization exceeding \$5 billion, the insuretech should be ready to make an even bigger advertising splash.

A number of farm bureaus pulled back on their advertising in 2020. **Alabama-based Alfa Mutual** cut spending by 3%, **Tennessee Farmers** by 8%, **Iowa Farm Bureau** by 3%, and **Texas Farm Bureau** by 11%.

Going in the other direction were the **Michigan Farm Bureau**, which boosted its budget 56% while the **Kentucky Farm Bureau** added 2% to its spending.

After trimming its budget from a peak of \$27 million in 2016, **Auto-Owners** has been more comfortable spending around \$20 million. **Shelter**, up 11% to \$19 million, and **Sentry**, up 10% to \$18 million, continued to invest in advertising. After boosting spending from \$5 million in 2017 to \$10 million in 2019, **Wawanesa** increased a modest 3% in 2020 with its whispering **television advertising**.

Dowling uses data from **S&P Global Market Intelligence**, supplemented by its own research because some statutory advertising data is incomplete. It remains unclear how companies report sponsorships, naming rights and other long-term advertising or brand expenses. While Dowling's numbers are the best available, they are not exact, sometimes understating spending. [AIR](#)

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**FLORIDA** *Continued from Page 1*

Florida currently requires drivers to carry \$10,000 in PIP. In 2012, lawmakers passed reforms tightly limiting coverage as a way to reduce fraud and abuse and rein in costs. The reforms would not apply to the med pay coverage.

The **American Property Casualty Insurance Association (APCIA)** said the new system could increase the cost of the average auto insurance policy by as much as 23%, or \$344. Drivers carrying the lowest levels of coverage could see increases as high as \$805 a year.

The biggest problem with the PIP repeal legislation, insurance industry representatives say, is that it encourages, rather than reduces, costly litigation that plagues the current system.

“SB 54 lacks any meaningful legal reforms to Florida’s bad faith laws, which are a primary source of lawsuit abuse and a key cost driver in the Florida auto insurance system,” **Logan McFaddin**, APCIA assistant vice president for state government affairs, said in a news release.

Raising costs for drivers who can’t afford more than minimum coverage today could lead them to drop coverage. The [Insurance Research Council](#) recently estimated that 20.4% of Florida drivers were uninsured in 2019.

“We are extremely concerned that this bill would substantially increase rates for our customers and Florida residents who can least afford an increase, while forcing hundreds of thousands of Floridians already struggling to pay current premiums to drive without insurance,” **Michael Carlson**, CEO of the **Personal Insurance Federation of Florida**, said in a news release.

Insurance regulatory attorney **Fred Karlin-sky** expects that DeSantis will veto the legislation because of cost concerns for Florida drivers. “The governor will have an issue with that, in my opinion,” he said.

Florida lawmakers also passed [legislation](#), that enables insurers to exclude specific drivers in a household with the signed consent of the named insured. [AIR](#)

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**DONELON** *Continued from Page 8*

In a state where the law is sometimes viewed as rather flexible, Donelon uses it as a shield.

The commissioner’s door is open to anyone seeking help or pressing a point of view, though he won’t “stretch his authority just to help someone because they happen to be a constituent of some type,” Piazza says. “Rather than show favoritism that might be questionable – as some of the past commissioners have – Donelon follows the book.”

More than 10 years ago, insurance agent **Anderson Baker** faced that shield. He, Donelon and other staffers were sitting around a table at the Insurance Department, discussing a point of disagreement.

“I saw the law one way, and he saw the law another way,” Baker recalls. “Without it being a heated argument, he said to me ‘Anderson, the law says I shall do this, so I shall do this. There’s no wiggle room, and I’m not going to jail for you.’” [AIR](#)

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WE'RE BACK!

# REGISTRATION

JUST CLICK ON THE LOGOS BELOW TO GET STARTED . . .

# IS NOW OPEN!



With the accursed COVID-19 pandemic slowly but surely coming under control, we are thrilled to open registration for our fall 2021 conferences. We promise expanded time for networking — everyone needs to talk! — in addition to outstanding presentations.

THANK YOU TO OUR SPONSORS!



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## Registration Now Open For 2021 National Conferences

We are now taking registration for the 2021 [Auto Insurance Report National Conference](#), moved to the safety of Sept. 12-14 this year to give us all the opportunity to gather together once more.

We are also opening registration for the [Property Insurance Report National Conference](#), which will be held Nov. 14-16 at the Waldorf Astoria Monarch Beach in Dana Point, CA.

To be sure, there is still some uncertainty about the logistics of a large meeting in the wake of COVID-19, but much will become clear in the next few months. You can count on us to follow federal and state guidelines, not to mention common sense, in developing an event that will be safe for all. If regulations prevent us from gathering in person, be assured we will immediately refund all registration fees, just as we did in 2020.

We are hard at work creating a program to review the developments of the crazy pandemic year and to assess how the world will look going forward. Industry innovators have proven capable of working at their kitchen table, and we can't wait to share new ideas that were hatched during the world's long lockdown. Here are some of the topics we plan to discuss:

- The addition of new electric vehicles to the ongoing complications of accident avoidance systems
- The surge in usage-based insurance programs as the pandemic sharply reduced driving
- A greater commitment by automakers to

gather and share extensive vehicle data, and their associated interest in selling insurance

- Renewed challenges to the use of credit information for insurance underwriting and pricing following the social justice protests of 2020. How will the industry respond, and what alternatives exist when the use of credit is curtailed?

- What will happen to rental car companies as they reel from a lack of business from the auto repair industry?

- Virtual claim settlement – still in its infancy – was forced into heavy use during the pandemic. What worked, what didn't, and what does the future hold?

- And more!

- And plenty of networking!

We are returning to **Florida's [Ritz-Carlton, Amelia Island](#)**



**Island** because our prior two events there were so well received. Just a short drive from **Jacksonville International Airport (JAX)**, the resort provides the perfect mix of modern meeting space with

a beautiful setting to help foster the conversations that are so necessary after more than a year apart. Poised on a bluff of dunes overlooking the Atlantic Ocean, The Ritz-Carlton, Amelia Island is in a destination of unspoiled coastal beauty. The resort has made the most of the past year, renovating guest rooms, meeting rooms and restaurants.

The 2021 Auto Insurance Report National Conference will sell out quickly, so please don't wait too long to secure your space and reserve your hotel room before our discounted room rates are gone. Visit our [registration page](#) today. We look forward more than words can convey to seeing everyone in September! [AIR](#)

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