

# AUTO INSURANCE REPORT

The Authority on Insuring Personal and Commercial Vehicles

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## INSIDE

**More than half a dozen specialists** serve the market insuring collector cars. **Page 2**

**There is little** anyone can do to change the economics of Oklahoma's auto insurance market. **Page 5**

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**Uber making trouble again.** **Page 8**

## THE GRAPEVINE

### **Simplify: Comparenow.com Is Now Compare.com**

*Comparenow.com*, one of the nation's leading websites offering auto insurance prices to consumers has dropped three letters from its name and become *Compare.com*.

The company, based in **Virginia** and launched in March 2013, made the investment in buying the shorter name in the hope that it will be easier for consumers to remember. The website currently represents 40 auto insurers in the United States.

*Compare.com* is affiliated with numerous other shopping sites around the world, including *Confused.com* in England, and is part of **Admiral Group plc**, the second largest auto insurer in the U.K. as well as owning Virginia-based **Elephant Insurance Co.** 

## Oklahoma Struggles To Resolve Uninsured Motorist Challenges

Oklahoma may be OK, but it has its share of problems. There's the departure of defensive line coach **Jerry Montgomery** from the **University of Oklahoma** football program for the Green Bay Packers. There are tornadoes and hail, making Oklahoma among the worst performing homeowners and auto insurance markets in the nation. There are also a large number of people who drive without insurance.

Oklahoma had the highest percentage of uninsured motorists in the country in 2012, with an estimated 25.9% of drivers without insurance, according to the most recent data from the **Insurance Research Council**.

Oklahoma Insurance Commissioner **John Doak** has made tackling that problem his auto insurance priority for the year. He has been meeting with insurers and preparing new legislation to address the problem, which is attributed

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## Hagerty's Broad Reach Helps It Dominate Collector Car Market

Just 39 Ferrari 250 GTO Berlinettas rolled out of the famed Maranello factory in 1962 and 1963, making them among the most coveted of classic cars. But when **Bonhams**, the British auction house, put Chassis No. 3851GT up for sale during last summer's Monterey Car Week, it attracted extraordinary attention, even by Ferrari standards.

This particular race car had a rakish history: During a 1962 touring race in France, a tire blowout at 100 mph caused a crash that killed its driver, the former Olympic ski champion **Henri Oreiller**. The car sold for \$38.12 million, the highest recorded at a public auction, though Ferraris and Bugattis have sold for upwards of \$50 million privately.

The Ferrari was among the 20,147 collector cars sold publicly in North America last year, and 158 that sold for \$1 million or more. The auctions last year generated \$1.3 billion in sales, a 10% increase over 2013.

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**HAGERTY** Continued from Page 1

Classic cars are a cool hobby and a hot business, and longtime **Progressive** executive **Richard Hutchinson** has jumped into the thick of it. On Jan. 5, Hutchinson became president of **Hagerty**, a managing general agency based in Travers City, **Michigan**, that specializes in insuring collector cars.

To call Hagerty a managing general agency may be accurate, but it misrepresents the spirit of the operation. Though its size and focus are different than those of larger insurers, any business seeking to get close to its customers might find some lessons in Hagerty's success.

Hagerty is like a mother ship for classic car collectors, who turn to the company not just for insurance but for up-to-date valuations, restoration advice and advocacy for their hobby through the **Historic Vehicle Association**. Hagerty publishes classic car pricing guides and the largest classic car magazine, with a circulation of about 400,000. It sponsors seminars covering specific models and shifting collecting trends, such as what will happen to values as millennials supplant their car-loving baby boomer parents.

And not insignificantly, it has a terrific reputation for handling claims. Like other companies specializing in classic cars, it pays an "agreed value" for total losses and recognizes the importance of flatbed towing and proper restoration.

Unlike standard insurers, classic car underwriters get the nuances of cars like the 1963 Ford Galaxy. "There are 238 configurations of that car," says CEO **McKeel Hagerty**. "The cheapest in today's market is \$4,000 and the most valuable version is about \$200 grand. If you don't understand that and you talk like an insurance person, you can alienate that customer."

Hagerty has also developed products for related services, such as cargo insurance for transporting collector cars as well as coverage for restorers, collector car clubs and storage facilities, including a new trend toward condominium-like storage units for collector vehicles

replete with shared entertainment spaces.

Hagerty was started in the 1980s by husband-and-wife personal lines agents who loved to restore wooden boats. When they couldn't find coverage for their treasures, they launched the first agreed value policy for wooden boats in 1984 and added classic car coverage in 1991. **McKeel Hagerty** and his sisters, **Kim** and **Tammy**, joined the agency in 1995, when it had about 35 employees. Hagerty now has 670 employees worldwide. The family-owned company won't reveal revenues, but **Markel**, which became its primary U.S. underwriter when it purchased **Essentia** from **OneBeacon** in 2013, reported \$203.4 million in earned premiums from Hagerty in 2014. Last year, **Nationwide** also started underwriting a Hagerty program for its agents to sell to collector car enthusiasts.

**McKeel**, whose academic interests tended toward philosophy, classics and theology in college, once swore he'd never join the family business. In the 20 years since, including 15 as president and CEO, the company has expanded internationally and diversified its distribution, selling directly to consumers, through agents and in partnership with insurance carriers.

Most collector cars are insured by standard companies like **State Farm**, but Hagerty also faces competition from other collector car specialists. The most significant competitors are **American Modern** (part of **Munich Re**); **Grun- dy**, an agency that underwrites on behalf of **AIG** and claims to have invented "agreed value" policies; **American Collectors Insurance** (underwritten by **Assurant**); **Condon Skelly** (underwritten by **Ironshore**); **JC Taylor** (underwritten by **Foremost Insurance**); and **Infinity**.

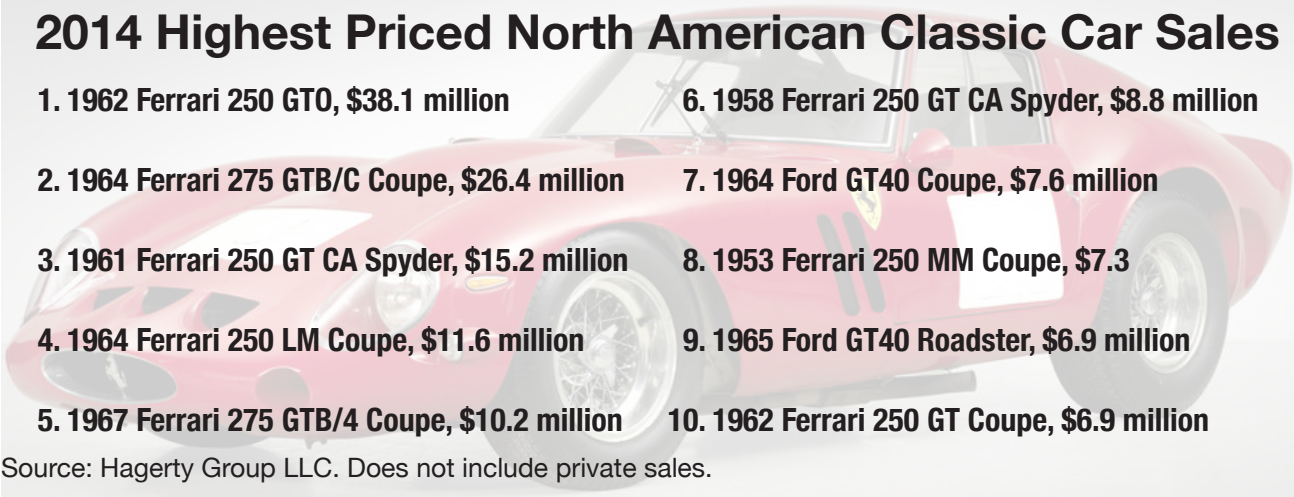
Hagerty believes it larger than all of the specialty programs combined, insuring more than 1 million out of a universe of 3 million to 5 million core collector vehicles. The key to Hagerty's growth and success has been its ability to "build a customer base that's really devoted to them,"

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## 2014 Highest Priced North American Classic Car Sales

- 
- |  |   |
|--|---|
| 1. 1962 Ferrari 250 GTO, \$38.1 million          | 6. 1958 Ferrari 250 GT CA Spyder, \$8.8 million |
| 2. 1964 Ferrari 275 GTB/C Coupe, \$26.4 million  | 7. 1964 Ford GT40 Coupe, \$7.6 million          |
| 3. 1961 Ferrari 250 GT CA Spyder, \$15.2 million | 8. 1953 Ferrari 250 MM Coupe, \$7.3 million     |
| 4. 1964 Ferrari 250 LM Coupe, \$11.6 million     | 9. 1965 Ford GT40 Roadster, \$6.9 million       |
| 5. 1967 Ferrari 275 GTB/4 Coupe, \$10.2 million  | 10. 1962 Ferrari 250 GT Coupe, \$6.9 million    |

Source: Hagerty Group LLC. Does not include private sales.

**HAGERTY** Continued from Page 2

said Hutchinson. “I look at that and say, ‘there’s opportunity there.’”

At heart, McKeel Hagerty is a car guy who does insurance. Like his two sisters, he restored his first car at age 14 with his father, **Frank Hagerty**, who died last March. It was a miserably rusted 1967 Porsche 911S that he bought for \$500 and still owns, but as the market for Ferraris has heated up, it’s now worth \$300,000.

“McKeel is finding as the business has gotten bigger that he’s spending more time on the day-to-day insurance operations, but his real love is to build the next generation of what car lovers really want,” Hutchinson said. “A big part of my role is to help run the trains on insurance side.”

Hutchinson understands the passion – he owns a classic 1999 Lexus SC400 and has his eye on a 1989 Jaguar XJS. But even he was surprised by the level of expertise within Hagerty, the degree to which it has invested in that passion, and the devotion of its customers.

“I’m an insurance guy, and they are collector car guys,” Hutchinson said. “It’s a fun new culture to explore.”

When Hutchinson walked into Progressive in 1987 armed with a **Yale** history degree and an MBA from the **University of Chicago** business school, it was transitioning from a family-run company approaching \$1 billion in premium into the publicly held auto insurance juggernaut

it would become. Hutchinson helped lead Progressive’s pioneering foray into usage-based insurance and mastered the magic of customer segmentation in marketing, underwriting and pricing. He’s looking to apply those skills to Hagerty’s much more focused customer base, looking at distinctions between and within subgroups and ways to differentiate not just pricing, but product design and coverage offerings.

“With success comes complexity,” Hutchinson said, adding that an important part of his role will be building a structure that can take the MGA to the next level. “Hagerty has done a good job emerging from being a family agency into a good size insurance operation,” he said. “How do you set up a team where you still have the core culture that made the place successful and that allows you to build off of it?”

A big part of that is establishing more partnerships with standard insurers even as it continues to sell directly to consumers and through agents. Thirty-six of the 125 largest auto insurance carriers offer Hagerty-branded policies to their collector customers.

The two trends having the greatest influence on today’s collector car market are economics and demographics.

While Hagerty insures vehicles valued in the \$50 million range, the average policy is for a \$35,000 American car. “There is a segment

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# Oklahoma Personal Auto Insurers

Groups Ranked by Total 2013 Direct Premium Written (000)

Group Name	2013 Premium	Mkt share 2013	Loss Ratio 2013	2012 Premium	Mkt share 2012	Loss Ratio 2012	2011 Premium	Mkt share 2011	Loss Ratio 2011
State Farm Mutual	\$513,732	23.4%	82.3%	\$485,486	23.1%	70.0%	\$463,061	23.0%	69.6%
Farmers Insurance Group	\$305,571	13.9%	64.1%	\$312,254	14.8%	61.3%	\$293,879	14.6%	53.2%
Progressive Corp.	\$155,091	7.1%	67.7%	\$145,173	6.9%	65.1%	\$140,126	7.0%	60.4%
Allstate Corp.	\$152,997	7.0%	65.9%	\$149,470	7.1%	59.8%	\$147,952	7.3%	59.4%
Liberty Mutual	\$137,232	6.3%	74.5%	\$115,075	5.5%	61.2%	\$98,120	4.9%	57.5%
USAA Insurance Group	\$130,913	6.0%	87.4%	\$121,829	5.8%	77.1%	\$110,273	5.5%	80.8%
Berkshire Hathaway/Geico	\$122,502	5.6%	76.6%	\$107,291	5.1%	70.7%	\$96,761	4.8%	61.8%
Oklahoma Farm Bureau Mutual Ins Co.	\$115,862	5.3%	66.0%	\$118,750	5.6%	52.4%	\$124,954	6.2%	62.7%
Shelter Mutual Insurance Co.	\$76,899	3.5%	74.5%	\$76,666	3.6%	62.4%	\$76,350	3.8%	68.8%
CSAA Insurance Exchange (NorCal)	\$67,267	3.1%	82.4%	\$54,596	2.6%	76.9%	\$45,765	2.3%	79.1%
Amer Farmers & Ranchers Mutl	\$48,053	2.2%	63.8%	\$45,534	2.2%	63.3%	\$44,079	2.2%	59.7%
Hartford Financial Services	\$39,120	1.8%	69.3%	\$41,534	2.0%	66.3%	\$43,316	2.2%	68.7%
Home State Insurance Group	\$31,520	1.4%	74.7%	\$27,091	1.3%	72.5%	\$22,346	1.1%	71.9%
Mercury General Corp.	\$27,600	1.3%	65.5%	\$30,461	1.5%	64.1%	\$31,267	1.6%	65.8%
Travelers Companies	\$25,331	1.1%	75.0%	\$24,034	1.1%	59.5%	\$25,010	1.2%	61.7%
American National Insurance (ANPAC)	\$19,359	0.9%	67.0%	\$20,951	1.0%	61.0%	\$24,239	1.2%	65.1%
MetLife Inc.	\$19,040	0.9%	59.2%	\$18,805	0.9%	64.4%	\$19,150	1.0%	59.4%
Harbor Insurance Co.	\$18,077	0.8%	65.2%	\$16,650	0.8%	64.6%	\$15,947	0.8%	67.0%
Traders Insurance Co.	\$15,750	0.7%	64.8%	\$11,331	0.5%	70.2%	\$6,684	0.3%	59.4%
Grinnell Mutual Reinsurance Co.	\$12,506	0.6%	64.6%	\$11,703	0.6%	81.1%	\$7,992	0.4%	87.8%
Hanover Insurance Group Inc.	\$10,690	0.5%	58.9%	\$16,534	0.8%	57.5%	\$19,922	1.0%	49.7%
Country Financial	\$10,306	0.5%	60.1%	\$9,561	0.5%	63.4%	\$9,058	0.5%	55.3%
North Star Mutual Insurance Co	\$9,623	0.4%	82.6%	\$7,085	0.3%	73.6%	\$3,199	0.2%	60.1%
Cornerstone National Ins Co.	\$9,602	0.4%	68.7%	\$7,401	0.4%	57.5%	\$6,916	0.3%	69.6%
United Automobile Insurance Group	\$9,326	0.4%	55.9%	\$8,993	0.4%	68.4%	\$8,258	0.4%	64.6%
Kemper Corp.	\$7,985	0.4%	79.3%	\$9,535	0.5%	69.0%	\$5,132	0.3%	96.9%
Safe Auto Insurance Co.	\$7,027	0.3%	69.3%	\$6,967	0.3%	66.9%	\$7,510	0.4%	55.6%
Southport Lane Genesis LP	\$6,430	0.3%	128.6%	\$5,521	0.3%	52.0%	\$4,879	0.2%	97.9%
GuideOne Insurance	\$6,210	0.3%	63.4%	\$7,737	0.4%	49.1%	\$9,673	0.5%	62.1%
American Family Mutual	\$5,938	0.3%	68.3%	\$2,078	0.1%	59.0%	\$0	0.0%	na
Hallmark Financial Services	\$5,173	0.2%	66.1%	\$3,354	0.2%	53.8%	\$3,431	0.2%	82.8%
Chubb Corp.	\$5,133	0.2%	62.0%	\$4,652	0.2%	57.5%	\$4,414	0.2%	34.6%
Republic Companies Group	\$4,952	0.2%	62.8%	\$4,933	0.2%	57.3%	\$4,936	0.2%	67.0%
Bankers Financial Corp.	\$4,940	0.2%	66.8%	\$0	0.0%	na	\$0	0.0%	na
Casualty Corp. of America Inc.	\$4,311	0.2%	61.5%	\$4,963	0.2%	65.3%	\$6,434	0.3%	134.3%
Topa Equities Ltd.	\$4,173	0.2%	43.0%	\$3,464	0.2%	67.0%	\$3,780	0.2%	85.2%
National General (Integon/GMAC)	\$4,124	0.2%	59.7%	\$4,618	0.2%	90.4%	\$4,639	0.2%	78.5%
<b>Statewide Totals</b>	<b>\$2,194,673</b>		<b>73.5%</b>	<b>\$2,103,657</b>		<b>65.9%</b>	<b>\$2,016,350</b>		<b>64.6%</b>

Source: SNL Financial, by permission, and the *Auto Insurance Report* database.

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## State Market Focus: OKLAHOMA

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to a combination of culture, cost and a lack of enforcement.

Doak doesn't think there's much that can be done about the economics. The state already has modest minimum liability limits, requiring \$25,000 for a single injury or death in an accident, \$50,000 for more than one injury or death and \$25,000 for property damage. Oklahomans spent an average of \$737 for auto insurance in 2012, right in the middle of the pack nationally and below the national average of \$815. About 65% of policies include collision and comprehensive coverage as well as liability, less than the national average of about 72%.

Even though premiums are not exorbitant, paying them is a challenge for many residents because the average household income in Oklahoma is low, ranked 41<sup>st</sup> in the country. On our PAIN Index, which looks at the ratio of premium to income as a measure of relative affordability, Oklahoma ranks 14th.

Doak has given insurers the freedom to raise

rates as they see fit, and he doesn't see rate suppression as the answer. What he does believe is that lowering the number of uninsured motorists would significantly lower the cost of insurance by reducing the rates charged for uninsured motorists coverage.

That won't be easy. The economy is struggling, and enforcement of existing laws to penalize uninsured motorists has been weak. No one is proposing lower liability limits, nor is there discussion of creating bare-bones policies like those offered in **California** and **New Jersey** at much lower cost. That leaves enforcement as the primary method of addressing the problem.

To that end, Doak continues to focus on ways to encourage reluctant police to crack down on uninsured motorists. For example, the **Oklahoma Department of Insurance** has included in the legislative package that was to be introduced last week a provision that would make driving uninsured a primary offense. Doak hopes that police will conduct more stops, check drivers'

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### Oklahoma Auto Insurance Profit Margins Ten-Year Summary, Percent of Direct Premiums Earned

Line of Business	2013 Total Profit	2012 Total Profit	2011 Total Profit	2010 Total Profit	2009 Total Profit	2008 Total Profit	2007 Total Profit	2006 Total Profit	2005 Total Profit	2004 Total Profit	Avg Total Profit
Personal Auto Liab	5.6	6.0	6.0	4.6	1.4	-0.5	4.6	9.4	8.7	8.1	4.8
Personal Auto Phys	-13.9	-1.1	0.1	-10.3	0.8	-6.9	7.7	12.5	11.7	11.2	4.7
Personal Auto Total	-2.8	3.0	3.4	-1.7	1.1	-3.2	5.9	10.7	10.0	9.5	4.8
Comm. Auto Liab	8.4	12.0	14.0	16.7	7.0	11.7	11.9	15.9	13.7	19.2	10.9
Comm. Auto Phys	-16.0	-22.8	-5.3	-4.7	-0.5	-9.0	13.1	15.2	14.6	14.9	7.0
Comm. Auto Total	1.2	2.3	8.8	10.9	5.0	5.9	12.1	15.7	14.0	18.0	9.9
Total All Lines*	-9.6	1.0	-0.9	-16.5	-8.2	-6.4	8.6	15.8	14.1	13.5	3.1

\*Auto; Home, Farm & Commercial Multiperil; Fire; Allied; Inland Marine; Med Malpractice; Other Liability; Workers Comp; All Other

Note: Profit calculations are by *Auto Insurance Report* using data from the National Association of Insurance Commissioners. Calculations are estimates, some based on national averages.

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## State Market Focus: OKLAHOMA

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insurance more often, and use the enforcement options at their disposal if it is a primary offense.

In recent years, lawmakers have expanded options for dealing with uninsured motorists. Police have the ability to tow cars for not having insurance, and since late 2013 they have been able to remove a car's tag and replace it with a yellow temporary sticker that signals that the car has up to 10-days worth of force-placed auto insurance. To retrieve their license plate, or to get new ones, the offender first must pay the uninsured motorist penalties, provide proof of insurance and pay

for the force-placed insurance at a cost of \$10 a day or a minimum of \$50. **Imperial Fire and Casualty** currently underwrites the insurance, which is bid out each year. Last year, 2,500 such policies were issued, which regulators consider to be a good start.

Doak is also seeking private-market solutions. Last month, he met with members of the insurance community to discuss ways the industry can help reduce the number of uninsured motorists. The first meeting last month did not result in many action steps beyond supporting the In-

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## Oklahoma Commercial Auto Insurers

Groups Ranked by Total 2013 Direct Premium Written (000)

Group Name	2013 Premium	Mkt share 2013	Loss Ratio 2013	2012 Premium	Mkt share 2012	Loss Ratio 2012	2011 Premium	Mkt share 2011	Loss Ratio 2011
Travelers Companies Inc.	\$40,703	10.3%	78.0%	\$39,061	10.2%	74.6%	\$37,904	10.8%	60.8%
Progressive Corp.	\$31,594	8.0%	50.9%	\$29,992	7.8%	55.6%	\$26,656	7.6%	44.9%
Zurich Insurance Group	\$23,813	6.1%	75.1%	\$29,433	7.7%	57.2%	\$22,172	6.3%	48.9%
Liberty Mutual	\$23,257	5.9%	66.2%	\$22,529	5.9%	60.4%	\$21,265	6.1%	68.7%
Old Republic International Corp.	\$21,161	5.4%	54.4%	\$20,236	5.3%	51.8%	\$18,534	5.3%	73.0%
National American Insurance Co	\$16,808	4.3%	59.4%	\$16,307	4.3%	56.4%	\$16,608	4.7%	41.3%
American Financial Group Inc.	\$14,771	3.8%	53.7%	\$13,937	3.6%	52.0%	\$12,836	3.7%	45.4%
Berkshire Hathaway/National Indemnity	\$12,916	3.3%	30.9%	\$5,591	1.5%	51.9%	\$4,366	1.2%	12.4%
CNA Financial Corp.	\$12,318	3.1%	50.3%	\$10,088	2.6%	63.5%	\$8,475	2.4%	37.1%
Ally Financial Inc.	\$11,615	3.0%	174.7%	\$8,946	2.3%	90.4%	\$6,714	1.9%	155.2%
Nationwide Mutual Group	\$10,801	2.7%	79.6%	\$8,029	2.1%	95.6%	\$7,597	2.2%	47.4%
W. R. Berkley Corp.	\$9,920	2.5%	52.8%	\$7,686	2.0%	92.1%	\$7,610	2.2%	99.6%
Mercury General Corp.	\$9,815	2.5%	42.9%	\$8,309	2.2%	60.9%	\$6,900	2.0%	55.9%
Hartford Financial Services	\$8,676	2.2%	80.6%	\$7,914	2.1%	83.8%	\$7,399	2.1%	62.3%
State Farm Mutual	\$7,615	1.9%	53.8%	\$7,686	2.0%	56.6%	\$7,152	2.0%	54.0%
American International Group	\$7,531	1.9%	25.1%	\$19,273	5.0%	18.1%	\$23,224	6.6%	34.3%
OK Farm Bureau Mutual Ins Co.	\$7,414	1.9%	51.6%	\$6,123	1.6%	35.4%	\$6,335	1.8%	82.7%
Tokio Marine Group	\$7,366	1.9%	107.3%	\$6,470	1.7%	63.2%	\$5,720	1.6%	80.2%
ACE Ltd.	\$7,202	1.8%	48.1%	\$6,686	1.8%	55.8%	\$5,683	1.6%	52.0%
Farmers Insurance Group	\$6,865	1.7%	59.4%	\$6,645	1.7%	47.6%	\$6,524	1.9%	48.9%
Employers Mutual Casualty Co.	\$6,810	1.7%	52.2%	\$5,721	1.5%	51.3%	\$4,858	1.4%	65.7%
<b>Statewide Totals</b>	<b>\$393,898</b>		<b>69.1%</b>	<b>\$383,015</b>		<b>67.2%</b>	<b>\$350,932</b>		<b>59.4%</b>

**Source:** SNL Financial, by permission, and the *Auto Insurance Report* database.

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## State Market Focus: OKLAHOMA

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insurance Department's legislative agenda.

The courts have taken aim at one tool designed to deter uninsured motorists. In 2011, Oklahoma enacted a "no pay, no play" law that prevented uninsured drivers injured in an accident from collecting pain-and-suffering damages in most circumstances. The **Oklahoma Supreme Court** in December upheld a decision that declared the statute unconstitutional.

That was only the most recent tort reform setback. A 2013 decision undid a 2009 law that redefined frivolous lawsuits and capped appeal bonds at \$25 million as well as a 2011 law that instituted a \$350,000 hard cap on pain and suffering damages, eliminated joint and several liability, and required that juries be told that damage awards are not subject to taxation.

Aside from the large number of uninsured motorists and tort reform push back, auto insurers' most significant problem in Oklahoma are losses due to frequent hail storms and powerful tornadoes. Though 2014 was relatively calm, 2013 was disastrous, producing a 2.8% loss.

One year may be an aberration, but that's not really the case in Oklahoma. For the decade ending in 2013, Oklahoma's personal auto insurers earned a 3.6% return, fifth worst in the nation.

Oklahoma commercial auto insurers performed only slightly better. Commercial auto insurance in Oklahoma generated a profit margin of 1.2% in 2013. Over 10 years, the average annual profit margin of 9.4% ranked 38th.

In response to a decade of rough weather and low profits, insurers have been raising rates. According to **Perr & Knight's** RateWatch, which tracks rates for leading writers by line and by state, the top 10 auto insurance groups increased rates 14.9% between 2010 and 2015.

With hail and tornadoes as the primary culprits, insurers that perform best are the ones that

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### Oklahoma Snapshot

**Regulator:** Insurance Commissioner John Doak

**Rate regulation:** file and use, 30 days in advance

**Size of personal auto market:** \$1.94 billion (2013 DPW) **Rank:** 28th

**Average policy expenditure:** \$737 (2012)

**Rank:** 26th

**Auto Insurance Report PAIN Index rank:**

14th (2012)

**Property Insurance Report HURT Index rank:**

4th (2012)

**Auto registrations:** 1.36 million (2012)

**Truck registrations:** 1.94 million (2012)

**Vehicle miles traveled (VMT):** 47.46 billion (2013)

**Traffic fatalities:** 1.43 per 100 million VMT;

U.S.: 1.11 (2013)

**Vehicle thefts:** 291.2 per 100,000 residents;

Region: 242.3 per 100,000 residents (2013)

**Liability defense:** modified comparative fault, 51% bar

**Minimum Insurance Requirements:**

BI: \$25,000/\$50,000 • PD: \$25,000

**Safety Laws**

Graduated licensing

Primary safety belt law

Texting ban for novice drivers

Motorcycle helmets required for riders under 18

**Demographics**

Population: 3.87 million (2014 est.)

Change from 2010-2014 +3.4%; U.S.: +3.3%

Median household income: \$45,339;

U.S.: \$53,046 (avg. 2009-2013)

Population density: 54.7 per square mile;

U.S: 87.4 per square mile (2010)

Sources: SNL Securities, NAIC, U.S. Dept. of Transportation, PCIAA, NAMIC, U.S. Census Bureau, Insurance Institute for Highway Safety, FBI

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**HAGERTY** Continued from Page 3

that is about very, very wealthy people doing rich-person stuff, but there is a large segment of working people who really love their cars,” Hagerty said. “That \$10,000 car in their garage “is the most precious thing they own.” And, he notes, with fast-rising values, “a lot of cars are undervalued and underinsured.”

The very high end of the collector car market barely flinched during the economic crisis, but the larger market stalled and is growing stronger with the rebound, said **John Spritzky**, American Modern’s vice president of product management.

Muscle cars took the biggest hit, and their 54% rise over the last five years is just bringing them to pre-recession values, according to the Hagerty Muscle Car Index. Meanwhile, the 25 most sought-after post-war collector vehicles have risen 153%, according to Hagerty’s Blue Chip Index. Ferraris are in the stratosphere, rising 245% in the past five years.

Another significant change affecting the collector car market is demographic. Currently the average collector is 51 years old.

“The biggest question is what degree of interest the millennial generation will have in collector cars and automobiles in general,” Spritzky said. With their tendency toward urban living and ridesharing “reducing the number of individuals who are choosing to own automobiles,” he said, “it will be important for insurers to cater their products to customers who have a significant affection for collectible cars and driving.”

McKeel Hagerty is aware of the trend, but unafraid. “We have 20 years of baby boomers collecting in front of us,” he said. The next generation of collectors may be interested in different types of vehicles, focusing on smaller imports and cars with more customization.

But one thing is certain: they have to wait their turn. “The only restraining force for young people getting in this world is the cars cost so darn much,” he said. “The baby boomers are hogging all the good stuff.” **AIR**

## ***AUTO INSURANCE REPORT***

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**Brian P. Sullivan, Editor**

Telephone: (949) 443-0330

Email: bpsullivan@riskinformation.com

**Leslie Werstein Hann, Managing Editor**

Telephone: (908) 574-5041

Email: leslie@hannwriting.com

**Patrick Sullivan, Associate Editor**

Telephone: (949) 412-5851

Email: bpsullivan@gmail.com

Subscription Information: (800) 633-4931

On the Web: [www.riskinformation.com](http://www.riskinformation.com)

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## **Focus: OKLAHOMA**

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have the geographical footprint to withstand direct hits like the 2013 EF-5 tornado that devastated the town of Moore, which generated nearly 100,000 insurance claims with payments topping \$1.1 billion.

Physical damage is surely the bigger problem. Over the past five years, physical damage loss ratios have consistently outpaced liability loss ratios. Over five years, physical damage loss ratios averaged 74.9% vs. 62% for liability. In 2013, tornado losses widened the gap to 87% for physical damage vs. 63.3% for liability.

Oklahoma insurers also have their eye on transportation network companies, an emerging issue across the country. Lawmakers have introduced HB 1614, which is promoted by **Uber** and would make its coverage secondary to personal insurance coverage. The insurance industry supports SB 436, which would require that commercial policies cover claims from the time drivers turn on their smartphone application in a search for fares. **AIR**

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