Auto Insurance Report

The Authority on Insuring Personal and Commercial Vehicles

Sept. 30, 2024 Vol. 32#5/1492

INSIDE

Concerns in Standard Market Fuel Growth of Nonstandard

Boosted by the timidity of their money-losing standard counterparts, nonstandard auto insurers increased premium 24.7% in 2023, outpacing the 14.5% growth for the personal auto industry. The rise was fueled largely by explosive growth in the nonstandard operations of **Allstate** and **Geico**, according to the Auto Insurance Report Nonstandard Index.

The question facing nonstandard insurers today is how to respond as preferred and standard insurers begin their return to profitability and increase their appetite for new business. This is particularly acute for nonstandard specialists facing a market where preferred and standard insurers have a larger presence.

Nonstandard insurers have not been immune to the challenges facing the rest of the auto insurance market. The incurred loss ratio for nonstandard insurers in the index im-

Please see NONSTANDARD on Page 4

AmFam Signals Nonstandard Nonessential in Sale to Sentry

American Family's motive for selling its nonstandard subsidiary, The General, to **Sentry Insurance** for $1.7 billion remains something of a mystery weeks after the deal was announced. Both American Family and Sentry are understandably unwilling to discuss the deal before it closes, likely after the first of the year. But an analysis of the operations of both buyer and seller offers clues to the rationale for the deal and what it might mean for both the standard and nonstandard markets.

The most obvious motive could be the price tag: Sentry's $1.7 billion offer is a substantial return on American Family's $241.6 million investment in The General in 2012. Sources tell *Auto Insurance Report* that The General was not available

Please see THE GENERAL on Page 2

After Passing Distracted Driving Law, Ohio Looks to Seat Belts

After succeeding in getting lawmakers to pass a tougher distracted driving law, **Ohio** Gov. **Mike DeWine** is expected to include a stronger seat-belt law in next year's transportation funding package if a bill doesn't pass this session.

House Bill 536 would make it a primary offense to fail to wear a seat belt or properly secure a child in a booster seat. Currently, Ohio is one of 14 states where this is a secondary offense – meaning police cannot stop a driver for a seat belt violation unless there is another reason, such as speeding – instead of primary offense, according to the **Governors Highway Safety Association.**

Dean Fadel, president and CEO of the **Ohio Insurance Institute**, said that if HB 536 does not pass this year, it will likely be part of DeWine's 2025 transportation budget package. Auto safety is a big issue for DeWine, whose daughter

Please see OHIO on Page 9

RISK INFORMATION
33765 Magellan Isle • Dana Point, CA • 92629 • (949) 443-0330 • www.riskinformation.com

THE GENERAL *Continued from Page 1*

on the open market, making it likely that Sentry approached American Family with the deal.

It isn't that American Family needs cash. Despite rough weather in its core states in the Midwest in recent years, American Family's capital position is just fine. But when presented with a chance to maximize an asset, American Family freed up capital for better use elsewhere.

And it isn't that The General was underperforming, forcing a sale to a different operator to

Please see THE GENERAL on Page 3

The General Insurance

Personal Auto Insurance By State 2023 (000)

State	Written Premium 2023	Market Share 2023	Group Loss Ratio 2023	Industry Loss Ratio 2023	Written Premium 2022	Market Share 2022	Group Loss Ratio 2022	Industry Loss Ratio 2022	Premium Change 2022-2023
Florida	$211,919	0.7%	73.2%	73.2%	$174,547	0.7%	60.5%	74.6%	21.4%
Pennsylvania	$99,696	0.9%	61.7%	71.9%	$69,967	0.7%	68.5%	67.8%	42.5%
California	$74,142	0.2%	77.7%	84.0%	$62,831	0.2%	66.3%	65.5%	18.0%
Tennessee	$73,446	1.2%	61.9%	72.6%	$63,486	1.2%	57.9%	67.6%	15.7%
Ohio	$72,137	0.9%	56.0%	70.0%	$63,376	0.9%	62.7%	64.0%	13.8%
Colorado	$47,812	0.7%	52.4%	74.4%	$36,954	0.6%	47.8%	59.0%	29.4%
Georgia	$41,015	0.3%	61.8%	79.5%	$34,813	0.3%	59.6%	71.1%	17.8%
Washington	$34,499	0.5%	65.1%	85.7%	$27,817	0.5%	62.0%	64.4%	24.0%
Alabama	$31,933	0.7%	62.6%	70.2%	$29,598	0.7%	62.3%	64.7%	7.9%
Virginia	$30,440	0.4%	61.6%	68.6%	$26,284	0.4%	60.4%	63.9%	15.8%
Arizona	$28,697	0.4%	65.4%	72.9%	$24,134	0.4%	55.1%	66.2%	18.9%
South Carolina	$28,272	0.5%	61.0%	74.5%	$15,149	0.3%	56.9%	68.1%	86.6%
Illinois	$27,944	0.3%	57.0%	72.8%	$19,696	0.2%	55.0%	67.0%	41.9%
North Carolina	$27,595	0.3%	84.6%	75.7%	$25,206	0.3%	136.3%	66.6%	9.5%
Massachusetts	$25,455	0.4%	75.1%	71.5%	$32,521	0.6%	93.2%	59.4%	-21.7%
Indiana	$25,174	0.5%	63.5%	71.2%	$23,249	0.5%	63.2%	65.9%	8.3%
Missouri	$24,161	0.4%	62.7%	72.7%	$20,411	0.4%	54.0%	66.4%	18.4%
Oklahoma	$20,279	0.6%	61.7%	73.7%	$19,412	0.6%	55.6%	67.5%	4.5%
Wisconsin	$17,793	0.4%	62.3%	70.2%	$15,440	0.4%	65.3%	64.5%	15.2%
Nevada	$16,323	0.5%	76.9%	88.0%	$8,785	0.3%	48.8%	68.1%	85.8%
Oregon	$12,154	0.3%	65.2%	70.4%	$9,631	0.3%	48.3%	65.4%	26.2%
Arkansas	$11,539	0.4%	60.1%	77.4%	$7,177	0.3%	53.8%	65.1%	60.8%
New York	$10,949	0.1%	64.1%	84.6%	$9,458	0.1%	82.8%	74.6%	15.8%
Minnesota	$9,908	0.2%	47.1%	74.2%	$8,398	0.2%	61.8%	62.2%	18.0%
Connecticut	$9,774	0.3%	75.4%	78.6%	$9,544	0.3%	64.0%	70.0%	2.4%
West Virginia	$9,532	0.7%	51.0%	68.8%	$6,934	0.5%	34.8%	60.4%	37.5%
Louisiana	$9,419	0.2%	59.6%	66.3%	$8,394	0.2%	64.5%	75.9%	12.2%
Utah	$8,453	0.3%	63.2%	68.5%	$6,384	0.2%	49.1%	65.2%	32.4%
New Mexico	$8,388	0.4%	72.7%	68.5%	$8,183	0.5%	64.9%	61.7%	2.5%
Kansas	$7,820	0.3%	56.8%	70.6%	$6,979	0.3%	54.0%	63.5%	12.1%
Nebraska	$7,661	0.5%	53.6%	69.3%	$5,551	0.4%	59.2%	61.8%	38.0%
Total All States	$1,113,855	0.4%	61.0%	75.5%	$924,285	0.3%	63.2%	80.2%	20.5%

Source: S&P Global Market Intelligence and the *Auto Insurance Report* database.
Loss ratio is incurred losses as a percentage of direct premium earned and does not include dividends or loss adjustment expense.
This subsidiary of American Family includes with three operating companies: Permanent General Assurance Corp.; The General Automobile Insurance Co.; Permanent General Assurance Corp. of Ohio.

THE GENERAL *Continued from Page 2*

turn it around. The General has been the fastest-growing part of American Family's personal auto business, and its profitability has been in line with both the competition and American Family's other operations. Its performance, which was good before the pandemic, has been improving this year after a terrible 2022 and 2023.

American Family's willingness to shed The General indicates that it does not view the non-standard operation as an indispensable part of its

Please see THE GENERAL on Page 4

Sentry Insurance Mutual

Personal Auto Insurance By State 2023 (000)

State	Written Premium 2023	Market Share 2023	Group Loss Ratio 2023	Industry Loss Ratio 2023	Written Premium 2022	Market Share 2022	Group Loss Ratio 2022	Industry Loss Ratio 2022	Premium Change 2022-2023
Florida	$288,468	1.0%	55.9%	73.2%	$244,365	1.0%	62.7%	89.7%	18.0%
California	$228,812	0.6%	61.4%	84.1%	$169,492	0.5%	57.1%	81.1%	35.0%
Texas	$152,409	0.5%	62.3%	74.6%	$139,455	0.5%	64.6%	81.8%	9.3%
North Carolina	$103,379	1.2%	93.7%	75.7%	$103,845	1.4%	87.0%	76.3%	-0.4%
Colorado	$92,083	1.3%	61.9%	74.4%	$79,761	1.3%	54.9%	68.3%	15.4%
Arizona	$63,310	0.8%	59.1%	72.9%	$53,073	0.8%	62.7%	79.0%	19.3%
Washington	$62,069	1.0%	59.7%	85.7%	$52,294	0.9%	56.3%	83.3%	18.7%
New Mexico	$51,806	2.7%	59.4%	68.5%	$52,023	3.1%	54.9%	71.0%	-0.4%
Ohio	$35,027	0.4%	64.2%	70.0%	$28,582	0.4%	53.1%	75.9%	22.5%
South Carolina	$33,479	0.6%	54.3%	74.5%	$29,539	0.6%	50.6%	81.4%	13.3%
Nebraska	$32,276	1.9%	57.3%	69.3%	$26,748	1.8%	58.7%	84.8%	20.7%
Iowa	$29,845	1.3%	61.4%	70.3%	$24,904	1.2%	63.9%	75.8%	19.8%
Utah	$28,339	0.9%	59.8%	68.5%	$28,884	1.1%	61.4%	73.4%	-1.9%
Idaho	$26,839	1.8%	63.0%	68.5%	$28,329	2.1%	65.3%	69.3%	-5.3%
Wisconsin	$22,685	0.6%	56.5%	70.2%	$21,065	0.6%	53.1%	78.4%	7.7%
Oregon	$21,988	0.6%	55.0%	70.4%	$18,096	0.5%	59.6%	75.9%	21.5%
Virginia	$21,395	0.3%	55.6%	68.6%	$16,717	0.3%	63.8%	77.4%	28.0%
Nevada	$21,017	0.6%	55.4%	88.0%	$16,871	0.5%	47.0%	85.2%	24.6%
Tennessee	$20,670	0.4%	56.0%	72.6%	$18,676	0.4%	58.4%	78.8%	10.7%
Pennsylvania	$19,347	0.2%	60.7%	71.9%	$15,615	0.2%	52.7%	77.7%	23.9%
Kansas	$19,316	0.8%	65.5%	70.6%	$19,073	0.9%	61.3%	72.5%	1.3%
Missouri	$18,596	0.3%	65.9%	72.7%	$17,480	0.4%	60.0%	76.7%	6.4%
Kentucky	$17,232	0.5%	61.5%	75.9%	$15,230	0.5%	60.0%	78.3%	13.1%
Arkansas	$15,467	0.6%	67.5%	77.4%	$17,419	0.7%	67.5%	82.8%	-11.2%
Georgia	$15,199	0.1%	62.0%	79.5%	$15,669	0.1%	68.9%	85.6%	-3.0%
Indiana	$13,001	0.3%	55.3%	71.2%	$8,506	0.2%	58.6%	74.8%	52.8%
South Dakota	$12,494	1.6%	57.6%	64.6%	$11,543	1.7%	52.6%	77.8%	8.2%
Alabama	$12,153	0.3%	57.9%	70.2%	$12,438	0.3%	60.0%	72.8%	-2.3%
Illinois	$10,092	0.1%	58.2%	72.8%	$9,124	0.1%	61.3%	79.6%	10.6%
West Virginia	$9,963	0.7%	57.6%	68.8%	$7,596	0.6%	43.0%	72.8%	31.2%
Minnesota	$9,009	0.2%	59.3%	74.2%	$7,964	0.2%	62.8%	83.3%	13.1%
Wyoming	$8,173	1.5%	51.7%	64.1%	$6,966	1.4%	53.8%	60.8%	17.3%
Total All States	$1,561,955	0.5%	61.8%	75.5%	$1,364,789	0.5%	62.1%	80.2%	14.4%

Source: S&P Global Market Intelligence and the *Auto Insurance Report* database.
Loss ratio is incurred losses as a percentage of direct premium earned and does not include dividends or loss adjustment expense.

THE GENERAL *Continued from Page 3*

core operation – a notion that took competitors by surprise.

After all, **State Farm** purchased nonstandard carrier **Gainsco** and **Allstate** bought **National General**, in part so their agents could have a broader product mix to offer customers. Both acquisitions also gave the companies access to independent agencies, the fastest-growing personal auto distribution channel. (AIR 9/12/22)

But American Family's situation is different. As a direct response nonstandard auto insurer, The General is not as integrated into the American Family agency as agent-focused Gainsco and National General are to State Farm and Allstate. American Family made its foray into the independent agency channel in 2018 with the acquisition of **Main Street America**. (AIR 5/14/18), however, finding found little traction in personal lines, Main Street America recently announced that it would run off that business and focus on commercial lines.

Add it all together, and $1.7 billion apparently means more to American Family than a successful but strategically detached nonstandard auto insurance business.

The motivation of Sentry, which has dedicated itself to nonstandard auto, is much easier to see. The General adds $1.11 billion in 2023 direct written personal auto premium to Sentry's $1.56 billion. It brings an entirely different distribution channel to Sentry's independent agency business. **Florida** is the largest market for both companies, giving the combined entity about 1.7% of the market in one of the most important states for nonstandard auto. The General also brings a big book of **Pennsylvania** business, where Sentry has only a modest presence.

Perhaps most importantly, there are dozens of states where both companies have relatively modest books of business, in the $20 million to $30 million range. When combined, they will have measurably better economies of scale for claims operations.

Nationally, with about $2.68 billion in personal auto premium, Sentry will rival **Kemper's** $2.95 billion. After 2024, they could be even closer in size. Sentry grew 15.5% in the first half of 2024, and Kemper shrunk 12.3% in the same time frame. AIR

NONSTANDARD *Continued from Page 1*

proved slightly in 2023, declining to 73.1% from 75.4% in 2022. While the nonstandard carriers outperformed the personal auto incurred loss ratio of 75.5%, their higher expense ratios mean they are less profitable than standard writers when loss ratios are the same.

(See story on page 6 for details about the Auto Insurance Report Nonstandard Index.)

In 2023, companies in our index added $4.84 billion in direct written premium, bringing our index's total direct written premiums to $24.41 billion. That is slightly more than twice the premium increase in 2022, when companies in the index added $2.15 billion, bringing the total to $19.57 billion.

Two companies accounted for most of the growth. Allstate's nonstandard entities added $1.13 billion in premiums last year, a 27.8% increase from 2022.

Geico's nonstandard operations grew by $1.04 billion, a 35.9% increase from the prior year. Their combined $2.18 billion in premium growth represented 44.9% of the total increase in the index.

The underwriting performance of the personal auto insurance industry improved in large part due to rate increases, as carriers worked to recover from 2022's all-time high loss ratios (AIR 5/20/24 and AIR 9/9/24). Nonstandard writers were no exception. But in addition to raising prices, standard and preferred insurers did everything possible in 2022 and 2023 to avoid new business due to underwriting losses. That drove customers into the arms of nonstandard insurers,

Please see NONSTANDARD on Page 6

Auto Insurance Report Nonstandard Auto Index

Group Name	Direct Premiums Written ($000)			Incurred Loss Ratio (%)		
	2023	2022	2021	2023	2022	2021
AIR Nonstandard Auto Index	**24,405,102**	**19,565,239**	**17,417,109**	**73.1%**	**75.4%**	**69.4%**
Allstate Corp.	5,225,441	4,090,504	3,522,800	75.5%	68.0%	64.7%
Berkshire Hathaway/Geico	3,937,357	2,896,732	1,746,408	77.3%	99.5%	92.4%
Kemper Corp.	2,950,211	2,838,983	3,183,966	88.1%	76.5%	77.5%
Sentry Insurance Mutual	1,561,957	1,364,790	1,235,208	61.8%	62.1%	58.4%
Zurich/Farmers Insurance Group	1,422,222	1,222,343	1,273,659	59.3%	69.8%	66.1%
American Family Insurance Group	1,157,093	975,137	921,551	60.2%	62.1%	55.0%
Home State Insurance Group	1,004,320	686,333	564,901	76.7%	79.8%	75.3%
Merfax/Redpoint County Mutual	877,291	501,962	341,358	85.0%	93.0%	75.7%
Loya Insurance	673,032	583,057	576,462	61.9%	66.7%	60.3%
Old American Capital Corp.	625,946	418,189	383,566	74.3%	81.6%	73.7%
Safeway Insurance	463,068	413,204	345,435	69.9%	74.1%	67.4%
First Acceptance Corp.	445,084	265,875	203,872	59.4%	67.4%	60.7%
State Farm Mutual	365,572	276,109	294,407	60.3%	60.9%	63.1%
United Automobile Insurance Co.	354,827	299,961	306,470	61.8%	67.7%	64.6%
Aspire General Insurance Co.	334,142	141,269	93,650	59.7%	63.3%	62.2%
AssuranceAmerica	325,353	274,851	268,396	61.8%	71.7%	72.2%
GoAuto Insurance Co.	242,025	166,548	180,136	68.3%	76.9%	74.0%
Agency Insurance Co. of Maryland	241,657	156,601	130,898	69.2%	71.9%	66.2%
Warrior Invictus Holding Co.	187,348	134,238	93,777	50.0%	57.6%	54.7%
Premier Holdings, LLC/Kingsway	170,214	84,055	77,595	75.8%	80.7%	79.6%
Anchor Ins Holdings Inc.	167,017	122,931	92,279	72.8%	72.4%	74.3%
Falcon Insurance Co.	149,476	137,887	92,964	78.1%	65.3%	57.4%
Traders Insurance Co.	142,985	123,262	109,365	68.7%	76.9%	67.4%
American Alliance Casualty Co.	131,222	87,043	70,303	63.7%	52.9%	44.2%
Liberty Mutual	129,405	210,649	242,450	72.0%	82.3%	51.3%
Producers National Corp.	110,364	82,844	66,021	73.6%	99.2%	79.9%
Alinsco Insurance Co.	104,063	101,307	124,396	70.5%	93.5%	83.4%
Utica National Insurance Group	95,486	95,539	97,044	61.8%	72.1%	63.1%
Key Insurance Co.	76,874	64,133	74,891	79.0%	77.2%	72.6%
RFH/American Independent/Good2Go	72,771	80,822	73,834	69.6%	64.9%	60.4%
United Insurance Co.	65,230	63,004	65,292	67.7%	70.6%	63.7%
Star Casualty Insurance Co.	62,869	58,658	52,321	81.9%	90.5%	74.3%
Southern General Insurance Co.	55,807	57,069	56,848	87.9%	89.3%	79.8%
Responsive Auto Insurance Co.	52,397	38,969	42,168	53.7%	63.4%	65.2%
Gateway Insurance Co./Buckle	45,901	80,268	19,949	87.2%	98.6%	77.9%
Auto Club Insurance Assn. (Michigan)	44,730	38,885	37,776	92.5%	87.8%	79.9%
United Equitable Group Ltd.	43,508	32,107	36,912	46.2%	48.0%	47.8%
Discovery Insurance Co.	40,920	40,147	38,167	104.4%	112.9%	104.4%
Commonwealth Casualty Co.	38,576	37,730	35,154	80.7%	90.5%	51.2%
Nations Insurance Co.	37,920	30,050	23,992	62.9%	70.5%	61.9%
USA Underwriters	35,530	31,133	29,356	-47.0%	19.4%	19.0%
Mutual Capital Group/Tuscarora Wayne	29,722	20,737	21,740	82.8%	77.6%	68.4%
Casualty Underwriters Ins Co.	26,031	11,020	7,572	86.7%	81.1%	70.1%
Harbor Insurance Co.	22,741	21,478	20,352	71.5%	74.2%	73.7%
Union Mutual Companies	12,517	11,425	10,850	85.9%	67.2%	54.6%
Concert Insurance Co.	10,348	55,708	46,366	107.8	61.8%	54.3%
Mercury General Corp	9,003	7,068	18,894	55.5%	59.7%	67.6%
Greenville Casualty/J Leon Hix Trust	6,874	6,191	6,599	126.8%	118.5%	153.0%
Preferred Auto Insurance Co.	6,238	4,889	5,916	52.5%	57.0%	53.4%
Sterling Insurance Co.	4,956	4,276	4,167	81.5%	60.5%	67.2%
Spartan Insurance Co.	3,438	2,893	2,964	0.6%	-0.8%	-2.3%
Fairfax Financial	3,272	4,401	5,391	83.1%	75.2%	64.5%
Nationwide Mutual Group	2,515	2,646	16,929	33.9%	38.0%	37.0%
NJM Insurance	124	2,934	3,152	65.3%	60.9%	83.4%
Alert Auto Insurance Co.	119	4,094	5,501	87.0%	107.0%	107.6%
Plymouth Rock Insurance	2	180	392	-33.8%	63.6%	-49.6%
Metropolitan General Ins Co.	(9)	121	14,327	NM	73.1%	59.9%

Source: S&P Global Market Intelligence data, Auto Insurance Report

***NONSTANDARD** Continued from Page 4*

who were more willing to write lower limit policies at higher prices.

Both **Allstate** and **Kemper** mentioned policy growth in their earnings calls for the second quarter of 2024. Kemper CEO **Joel Lacher** told analysts that Kemper "specialty auto generated sequential quarter policies in force growth of about 4.5%."

Mario Rizzo, Allstate's president for property-liability, likewise noted that **National General**, the company's nonstandard subsidiary, has seen a rise in its policy count.

Ongoing turmoil in the property insurance market has also created opportunities for nonstandard carriers. With rising property insurance rates, cancellations and nonrenewals, drivers have become unmoored from their bundled products and existing insurance relationships.

Aside from the property insurance disruption, the combination of spikes in auto insurance costs and more limited availability sent drivers in search of new coverage. The top 10 personal auto insurance groups increased rates an average of 15.4% in the first half of 2024, 14.9% in 2023 and 11.4% in 2022, according to RateWatch from **S&P Global Market Intelligence**.

Nonstandard coverage exists for drivers whose risk exceeds the appetite of the standard market. This high risk comes in many forms: multiple violations, a lack of prior insurance or history of coverage interruptions, poor or no credit, or even lacking a driver's license.

Since nonstandard carriers tend to write a large concentration of policies with low limits, increases in minimum coverage requirements help boost premiums for that segment. (AIR 1/15/24) Over the last two years, **California**, **New Jersey**, **North Carolina**, **Utah** and **Virginia** passed laws increasing minimums for both bodily injury and property damage liability coverage. Lawmakers in other states are looking closely at the issue.

Liability limits in California, one of the largest nonstandard markets, will increase on Jan 1, 2025. Nonstandard carriers active in the state say they expect to see premiums rise as a result.

Please see NONSTANDARD on Page 7

How We Created The Auto Insurance Report Nonstandard Index

The ***Auto Insurance Report*** nonstandard proxy group began with the list of individual insurance companies identified by **A.M. Best Co.** as writing nonstandard business, and it was expanded through a survey of carriers in the marketplace. The list is incomplete, because not all insurers isolate nonstandard, standard and preferred business by underwriting company. The most notable company absent from the list is **Progressive**. It is perhaps the largest nonstandard insurer, but it does not break out that book of business from the rest of its operation.

Despite the omissions, this index is the best possible proxy for the nonstandard business from public data. With $24.3 billion in direct written premium, the index represents 7.7% of the 2023 overall personal auto market.

This version of the index differs from the first one we published earlier this year. (AIR 2/26/24) It includes more underwriting entities identified from industry feedback, and it includes multiple insurers writing less than $20 million in annual premium.

Nonstandard coverage exists for drivers whose risk exceeds the appetite of the standard market. This high risk comes in many forms: multiple violations, a lack of prior insurance or history of coverage interruptions, poor or no credit, or even lacking a driver's license.

Any feedback or suggestions for how to improve the index are welcome. Please email Senior Editor **Patrick Sullivan** at *patsullivan@riskinformation.com*. AIR

***NONSTANDARD** Continued from Page 6*

Nonstandard insurers write a larger proportion of liability-only policies than the overall personal auto industry. Liability makes up 59.3% of all nonstandard auto premium within our index, compared to 50.9% for the market as a whole.

While the liability loss ratio for nonstandard carriers in the index continued to degrade, increasing to 75.9% from 72.5%, it was still better than the overall industry's 77.1% liability loss ratio. Nonstandard liability premiums in our index grew by 24.8% in 2023, compared to a 12.9% increase for the overall market.

Physical damage premium represents 32.8% of the total premium in the nonstandard index, compared with 49.1% for the industry as a whole. While the overall personal auto market posted a 75.0% loss ratio for physical damage, the nonstandard group improved to 70.4% in 2023 from 83.1% in 2022. Physical damage premiums in our index grew by 26.2% in 2023, compared to a 17.8% increase for the overall market.

Liability coverages account for a larger percentage of total premium in the nonstandard segment.

Premium for personal injury protection (PIP) represents 7.9% of the nonstandard total. The incurred loss ratio improved to 63.9% in 2023 from 65.9% in 2022. The PIP incurred loss ratio for the overall market was 64.5% in 2023. Nonstandard PIP premiums grew 22.8% in 2023, compared to a 5.4% increase for the overall market.

Nonstandard insurers must run lower loss ratios than the market because they tend to have higher expense ratios due to greater agency sales costs and the shorter tenure of customers. S&P Global Market Intelligence calculates what it calls a "simple expense ratio" to reflect expenses by line of business and in individual states. By this measure, nonstandard auto insurers had a simple expense ratio of about 18.5% in 2023 compared with 9.8% for the overall personal auto market.

The nonstandard subsidiaries of standard and preferred insurers now represent 50.2% of the written premium in our index, up from 49.4% in 2022 and 45.9% in 2021. Specialty insurers make up the balance.

Our index captures nonstandard premium from Allstate, Geico, **Farmers**, **American Family** (which is selling its nonstandard operation, **The General**, to **Sentry**), **State Farm**, **Liberty Mutual** and what remains of **Nationwide's** nonstandard businesses. **Progressive**, likely the largest nonstandard auto insurer, is excluded from our index because it doesn't make information available about the nonstandard segment.

Last year, the nonstandard subsidiaries of standard and preferred carriers performed slightly better than the nonstandard specialists in the index. The standard and preferred writers as a group posted a 72.3% incurred loss ratio in 2023 for their nonstandard operations compared with 75.6% for the specialty writers.

Geico and Allstate have the highest nonstandard loss ratios among the standard and preferred group, which can be credited, in part, to their aggressive growth.

Allstate CEO **Tom Wilson** highlighted National General's performance during the company's second-quarter investor call, stating that the nonstandard operation was continuing a four-year run of profitable growth. Allstate closed its acquisition of National General in January 2021. (AIR 7/20/20)

Liberty Mutual entered the nonstandard auto arena when it bought **State Auto** a year later. (AIR 7/19/21). Premium in the four State Auto operating companies has declined dramatically since, from $242.5 million in 2021 to $129.4 million in 2023. The decline in premium

Please see NONSTANDARD on Page 8

NONSTANDARD *Continued from Page 7*

may be due to changes in accounting, such as shifting business from one underwriting company to another. If so, that would mean our nonstandard index grew even more than shown. Liberty Mutual did not respond to a request for comment. We should note that Liberty Mutual's total personal auto premium declined 2.9% overall in 2023 and 2.3% outside of the State Auto operating companies.

The nonstandard subsidiaries of State Farm, Farmers and American Family all performed better than their nonstandard peers. The three companies grew modestly, with incurred loss ratios better than the index as a whole and the subset of standard and preferred companies.

The investment that preferred carriers made into nonstandard auto seems to be paying off. They've managed to capitalize on the segment's significant opportunities for growth without sacrificing loss ratios, which is why competitors were surprised by American Family's decision to sell The General to Sentry. (See page 1)

> ***Kemper has focused on improving profitability over growth, and the results show it is making progress.***

The performance of nonstandard specialist companies is heavily colored by Kemper, whose numbers for 2023 and 2024 are complicated by last year's announcement that it would run off $300 million in standard and preferred auto business. (AIR 8/14/23)

The 10 largest specialty writers are Kemper, Sentry, **Home State**, **Merfax**, **Loya**, **American Overseas**, **Safeway**, **First Acceptance**, **United Auto** and **Aspire General Insurance**. Combined they wrote $9.2 billion in direct written premium with a 75.6% loss ratio.

Remove Kemper and its $2.9 billion in premium from the specialty group, and the remaining insurers posted a better loss ratio, at 68.7%.

Kemper's incurred loss ratio worsened to 88.1% in 2023 from 76.5%. This was led largely by liability losses, where the company reported a 101.5% incurred loss ratio. After working to increase rates through last year, Lacher told investors, Kemper turned the corner, restoring underwriting profitability in the fourth quarter.

Kemper's quarterly incurred personal auto loss ratio has improved steadily to 57.4% in the second quarter of 2024 from 125.1% a year earlier. The second quarter of 2024 marks the third straight quarter of operating profitability for the company, according to Lacher.

The top 10 specialty writers represent 38.1% of the market, a share that has been shrinking in recent years due in part to Kemper's 7.3% decline in direct written premiums from 2021 to 2023. Without Kemper, specialist writers have increased their share of the market from 23.3% in 2021 to 26% in 2023.

Of the specialty writers, Aspire stands out. The company grew 256% from $93 million in direct written premium in 2021 to $334 million in 2023, while outperforming our nonstandard index with a 59.7% loss ratio last year.

Aspire has been run by **Byron Storms**, former president of National General, since 2015. A year after Storms took charge, the company rebranded from Greenpath Insurance and cemented its focus on nonstandard. Aspire writes minimum limits liability and physical damage coverages in California, and last year added **Arizona**. Storms said other states are on the horizon.

Aspire writes in what it views as low-frequency territories with a focus on drivers drawn to nonstandard carriers for economic reasons. The company seeks to avoid the traditional nonstandard risks caught driving under the influence (DUI) or with other violations.

"My mantra is, we are going to be a specialty company that's run like a nationally preferred company across the board – quality underwriting, quality reporting, quality reinsurance panel,

Please see NONSTANDARD on Page 9

***NONSTANDARD** Continued from Page 8*

excellent customer service and excellent claims," Storms said in an interview. "And never foregoing an underwriting profit for fee revenue or growing the business."

Storms said he has aspired to run his company like **Infinity**, which Kemper purchased in 2018. (AIR 2/26/18)

"I was always a big fan of Infinity and how they used to do things," he said. "I think they were the best run [nonstandard auto] company in the country, and I think of Aspire as Infinity 2.0, because of how we do things."

The market disruptions in California have been a significant driver of Aspire's growth, as preferred insurers imposed significant underwriting restrictions when regulators blocked rate increases.

With rate increases flowing through their books, and the stabilization of some claims trends, standard insurers are getting off the sidelines and reinvesting in advertising and marketing after pulling back sharply in 2023. (AIR 5/6/24)

The return of the standard and preferred insurers to the marketplace will present a key challenge for nonstandard insurers. As preferred writers move to increase their policy count, nonstandard writers will have to respond with a more sophisticated approach to underwriting.

For example, more carriers are exploring products beyond traditional credit-based insurance scores to help them more accurately underwrite and price nonstandard risks.

"In the last year and half, we've had a number of accounts asking for something that helps them differentiate this niche population," said **John Wilson**, vice president of national accounts at **Equifax**. "They want something tuned to the kind of policies they write and do so economically."

Non-credit measures of personal financial strength and stability – offered by Equifax, **TransUnion** and others – seek to replicate the predictive power of traditional credit-based insurance scores for demographic groups that may have limited presence in credit datasets.

These products focus on identifying consumers with thin credit files, those who don't have access or don't rely much on traditional banking services, and people who are rebuilding their credit – all groups that dovetail with the target customers for nonstandard auto insurers.

These scores are built from a laundry list of specialty financial data: phone and utility payments, internet and cable bills, payday loans, auto finance installment loans, lease-to-own loans, subprime credit cards, short-term lending and other non-traditional credit sources.

"There are different consumer financial behaviors that you can find in that database," Wilson said, "and we've shown that they're incrementally valuable in predicting insurance loss performance." AIR

State Market Focus: OHIO

Continued from Page 1

was killed in an auto accident over 30 years ago. With Ohio's term limits, DeWine, now in his second term, won't be eligible to run again in 2026, and he is therefore expected to make a big push for the measures he favors.

"That's the best option we could possibly hope for, to have it as part of the transportation budget next session," Fadel said. "The goal is to push hard next session. The governor's committed to it, which is a vital element to the probability of success."

In 2022, at DeWine's urging, legislators passed a distracted driving law that took effect in spring of 2023. (AIR 4/18/2022) After a six-month grace period in which distracted drivers received warnings, police began giving tickets in October 2023. The law makes it illegal in most cases for drivers to use or hold a cell phone or

Please see OHIO on Page 10

State Market Focus: OHIO

Continued from Page 9

electronic device, and because it is considered a primary offense, any officer can pull over a driver immediately if they witness a violation, according to the Ohio Department of Transportation (ODOT).

Like many hands-free laws, Ohio's has exceptions for things like making emergency calls and holding a phone while stopped. But it also includes one gaping loophole, in that drivers are allowed to hold their device to their ear for a phone conversation.

Nevertheless, the law seems to be having a positive effect. Even before the grace period ended, the state had already seen a decline in distracted driving, according to **Matt Overturf**, regional vice president for that **National Association of Mutual Insurance Companies** (NAMIC).

A year after the law went into effect, distracted driving with cellphones decreased an estimated 8.6%, according to ODOT. Telematics provider **Cambridge Mobile Telematics** (CMT) found that the amount of time that Ohio drivers spent interacting with their phones dropped from an average 1 minute and 42 seconds per hour of driving in the months leading up to the law's enforcement to 1 minute and 29 seconds by the 10th month, a 13-second drop.

Dean Fadel
Ohio Insurance Institute

CMT estimated that this translated to 17 fewer deaths, 3,600 fewer crashes, 2,000 fewer injuries and a savings of $144 million in economic damages during the law's first 10 months of enforcement.

As of Sept. 23, the **Ohio State Highway Patrol's** Distracted Driving Dashboard reported 17 fatalities and 176 serious injuries in crashes related to distracted driving compared with 20 fatalities and 170 serious injury crashes in 2023.

Please see OHIO on Page 12

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

Line of Business	2022 Total Profit	2021 Total Profit	2020 Total Profit	2019 Total Profit	2018 Total Profit	2017 Total Profit	2016 Total Profit	2015 Total Profit	2014 Total Profit	2013 Total Profit	Avg Total Profit
Personal Auto Liab	7.5	12.9	17.5	13.5	13.8	7.3	4.6	6.5	9.2	8.0	10.1
Personal Auto Phys	-9.6	1.0	10.8	8.5	11.4	11.1	8.3	6.6	6.5	6.7	6.1
Personal Auto Total	-0.6	7.4	14.5	11.3	12.7	9.0	6.3	6.5	8.0	7.4	8.3
Comm. Auto Liab	18.4	21.6	24.6	13.4	11.4	15.0	7.7	9.2	14.6	17.6	15.4
Comm. Auto Phys	1.2	10.5	16.6	9.9	10.7	8.4	8.0	3.9	3.7	5.3	7.8
Comm. Auto Total	13.6	18.5	22.4	12.3	11.2	13.2	7.7	7.9	11.9	14.5	13.3
Total All Lines*	8.3	17.1	15.2	10.2	19.3	16.6	14.0	14.7	16.8	16.8	14.9

*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.

Ohio
Personal Auto Insurers

Groups Ranked by Total 2023 Direct Premium Written (000)

Group Name	2023 Premium	Mkt share 2023	Loss Ratio 2023	2022 Premium	Mkt share 2022	Loss Ratio 2022	2021 Premium	Mkt share 2021	Loss Ratio 2021
State Farm Mutual	$1,672,554	20.1%	77.5%	$1,274,144	17.4%	89.3%	$1,167,100	16.8%	72.6%
Progressive Corp.	$1,431,533	17.2%	66.6%	$1,284,408	17.5%	70.0%	$1,218,393	17.5%	69.2%
Allstate Corp.	$964,655	11.6%	62.2%	$881,646	12.0%	66.5%	$832,714	12.0%	53.3%
Berkshire Hathaway/Geico	$623,588	7.5%	70.1%	$631,509	8.6%	89.1%	$605,656	8.7%	76.2%
Liberty Mutual	$400,811	4.8%	64.8%	$433,416	5.9%	70.8%	$411,423	5.9%	56.1%
Nationwide Mutual Group	$389,509	4.7%	62.2%	$387,696	5.3%	66.2%	$392,322	5.6%	59.3%
Grange Insurance	$369,158	4.4%	62.9%	$339,241	4.6%	71.1%	$335,762	4.8%	58.0%
Erie Insurance Group	$355,086	4.3%	97.0%	$295,074	4.0%	98.7%	$272,187	3.9%	72.8%
USAA Insurance Group	$288,901	3.5%	77.7%	$229,432	3.1%	86.4%	$222,097	3.2%	69.7%
American Family Insurance Group	$223,462	2.7%	66.0%	$195,018	2.7%	70.9%	$190,787	2.7%	63.0%
Westfield Insurance	$175,030	2.1%	61.3%	$162,918	2.2%	64.1%	$161,898	2.3%	52.3%
Auto-Owners Insurance	$170,774	2.0%	74.4%	$143,170	2.0%	72.7%	$136,070	2.0%	59.6%
Farmers Insurance Group	$155,314	1.9%	57.4%	$153,303	2.1%	61.8%	$155,285	2.2%	55.0%
Cincinnati Financial Corp.	$147,996	1.8%	56.2%	$128,827	1.8%	60.6%	$125,811	1.8%	45.4%
Travelers Companies Inc.	$104,151	1.3%	66.0%	$90,076	1.2%	70.5%	$80,252	1.1%	56.8%
Ohio Mutual Insurance Group	$93,623	1.1%	70.7%	$83,644	1.1%	79.0%	$76,420	1.1%	61.0%
Western Reserve Group	$87,730	1.1%	70.3%	$71,879	1.0%	78.0%	$65,796	1.0%	58.4%
Encova Insurance	$58,390	0.7%	63.2%	$53,121	0.7%	55.7%	$52,794	0.8%	50.0%
Alfa Mutual Group	$37,353	0.5%	62.5%	$27,378	0.4%	71.2%	$24,958	0.4%	73.1%
Hartford Financial Services	$36,746	0.4%	71.3%	$32,963	0.5%	59.3%	$32,427	0.5%	54.8%
Utica National Insurance Group	$36,062	0.4%	52.9%	$29,954	0.4%	68.1%	$28,391	0.4%	60.9%
Sentry Insurance Mutual	$35,027	0.4%	64.2%	$28,582	0.4%	53.1%	$26,392	0.4%	51.7%
Wayne Mutual Insurance Co.	$30,187	0.4%	67.2%	$23,220	0.3%	75.9%	$20,369	0.3%	65.3%
Central Insurance Companies	$27,614	0.3%	65.3%	$23,402	0.3%	70.5%	$23,321	0.3%	51.7%
Root Insurance Co.	$26,604	0.3%	62.7%	$14,982	0.2%	65.8%	$17,809	0.3%	55.9%
Hanover Insurance Group	$25,591	0.3%	86.7%	$23,661	0.3%	94.6%	$18,551	0.3%	55.4%
Hastings Mutual Insurance Co.	$25,504	0.3%	104.9%	$17,766	0.2%	72.0%	$16,864	0.2%	58.5%
Markel Corp.	$25,202	0.3%	47.1%	$23,527	0.3%	32.3%	$18,868	0.3%	35.4%
Celina Insurance	$23,327	0.3%	65.5%	$19,537	0.3%	72.2%	$19,165	0.3%	56.8%
Brookfield Reinsurance/American Nat'l	$20,387	0.2%	75.9%	$18,309	0.3%	66.8%	$18,016	0.3%	58.3%
Pekin Insurance	$19,096	0.2%	94.9%	$16,134	0.2%	83.9%	$16,847	0.2%	57.9%
Goodville & German Mutual Group	$17,560	0.2%	78.3%	$14,469	0.2%	73.9%	$14,381	0.2%	70.7%
Auto Club Exchange Group (SoCal)	$17,343	0.2%	85.8%	$12,078	0.2%	84.3%	$9,800	0.1%	73.3%
Frankenmuth Insurance	$16,478	0.2%	91.7%	$10,461	0.1%	71.0%	$9,598	0.1%	78.2%
First Acceptance Corp.	$16,473	0.2%	53.5%	$12,372	0.2%	59.0%	$11,908	0.2%	57.0%
CSAA Insurance Exchange (NorCal)	$15,433	0.2%	76.8%	$13,316	0.2%	76.1%	$12,270	0.2%	59.3%
Amica Mutual Insurance Co.	$12,474	0.2%	90.0%	$11,520	0.2%	58.6%	$11,786	0.2%	48.1%
Chubb Ltd.	$12,270	0.2%	76.3%	$11,475	0.2%	76.9%	$11,794	0.2%	50.0%
Shelter Insurance	$12,267	0.2%	124.1%	$7,865	0.1%	131.5%	$6,142	0.1%	131.2%
Statewide Totals	$8,326,406		70.0%	$7,332,426		75.9%	$6,956,020		64.1%

Source: S&P Global Market Intelligence and the *Auto Insurance Report* database.
Loss ratio = incurred losses/direct premium earned and does not include dividends or loss adjustment expense.

State Market Focus: OHIO

Continued from Page 10

With the distracted driving law gaining traction, the next safety big safety push is for tougher enforcement of the state's seat belt law.

Joe Roth, assistant vice president of state government relations with **American Property Casualty Insurance Association** (APCIA), said a change to primary enforcement of the mandatory seat belt law has a much better chance of passing as part of a transportation package, given the current opposition from some quarters.

In written testimony, **Mike Dando**, an Ohio resident and member of the **National Motorists**

Please see OHIO on Page 13

Ohio
Commercial Auto Insurers

Groups Ranked by Total 2023 Direct Premium Written (000)

Group Name	2023 Premium	Mkt share 2023	Loss Ratio 2023	2022 Premium	Mkt share 2022	Loss Ratio 2022	2021 Premium	Mkt share 2021	Loss Ratio 2021
Progressive Corp.	$269,132	15.5%	61.4%	$324,966	19.6%	64.4%	$289,239	18.9%	61.5%
Cincinnati Financial Corp.	$123,850	7.1%	56.0%	$117,518	7.1%	55.4%	$113,676	7.4%	44.6%
Old Republic International Corp.	$79,724	4.6%	67.0%	$70,832	4.3%	75.7%	$59,906	3.9%	67.3%
Travelers Companies Inc.	$66,612	3.8%	41.6%	$56,238	3.4%	45.6%	$58,229	3.8%	35.8%
Westfield Insurance	$56,575	3.3%	51.0%	$53,060	3.2%	51.0%	$53,736	3.5%	34.9%
Erie Insurance Group	$54,413	3.1%	75.0%	$50,171	3.0%	78.5%	$49,095	3.2%	63.3%
Auto-Owners Insurance	$49,364	2.8%	73.3%	$44,206	2.7%	54.1%	$43,388	2.8%	57.3%
Liberty Mutual	$45,976	2.7%	64.0%	$45,241	2.7%	66.0%	$48,072	3.1%	46.6%
Encova Mutual Insurance Group	$43,101	2.5%	45.6%	$43,113	2.6%	44.3%	$45,292	3.0%	55.8%
Great American Insurance	$41,196	2.4%	61.4%	$35,271	2.1%	46.4%	$35,273	2.3%	43.6%
Acuity Mutual Insurance	$40,079	2.3%	55.5%	$39,522	2.4%	43.9%	$39,695	2.6%	54.1%
Nationwide Mutual Group	$38,398	2.2%	56.8%	$48,337	2.9%	49.9%	$45,659	3.0%	49.1%
Zurich Insurance Group	$36,769	2.1%	57.8%	$34,149	2.1%	53.5%	$33,284	2.2%	32.0%
Berkshire Hathaway Inc.	$33,382	1.9%	39.1%	$28,784	1.7%	39.7%	$29,535	1.9%	64.0%
State Farm Mutual	$32,091	1.9%	65.7%	$20,738	1.3%	82.6%	$10,161	0.7%	58.5%
Grange Insurance	$30,050	1.7%	47.6%	$26,998	1.6%	76.3%	$26,051	1.7%	57.4%
Chubb Ltd.	$29,871	1.7%	82.5%	$29,966	1.8%	68.6%	$23,529	1.5%	18.3%
W. R. Berkley Corp.	$29,362	1.7%	51.1%	$22,945	1.4%	54.2%	$17,660	1.2%	46.0%
Tokio Marine	$26,970	1.6%	51.7%	$23,354	1.4%	70.6%	$20,885	1.4%	41.6%
Ohio Mutual Insurance Group	$26,772	1.5%	60.8%	$24,004	1.5%	55.0%	$22,461	1.5%	59.2%
American International Group	$26,353	1.5%	49.8%	$17,806	1.1%	33.2%	$18,622	1.2%	73.1%
Sentry Insurance Mutual	$26,224	1.5%	62.3%	$20,921	1.3%	59.2%	$20,293	1.3%	85.2%
Selective Insurance Group Inc.	$25,838	1.5%	68.6%	$22,887	1.4%	58.9%	$21,355	1.4%	70.2%
CNA Financial Corp.	$24,979	1.4%	79.8%	$20,185	1.2%	59.8%	$19,509	1.3%	87.3%
Western Reserve Group	$23,905	1.4%	56.3%	$21,329	1.3%	75.3%	$19,582	1.3%	49.4%
Canal Insurance Co.	$23,357	1.4%	58.5%	$17,373	1.1%	35.2%	$13,543	0.9%	58.2%
Arch Capital Group Ltd.	$23,147	1.3%	33.1%	$19,280	1.2%	52.8%	$17,450	1.1%	46.1%
Markel Corp.	$22,993	1.3%	144.7%	$15,603	0.9%	94.0%	$8,288	0.5%	59.6%
Statewide Totals	$1,735,686		62.7%	$1,655,603		59.7%	$1,530,591		52.5%

Source: S&P Global Market Intelligence and the *Auto Insurance Report* database.
Loss ratio = incurred losses/direct premium earned and does not include dividends or loss adjustment expense.

State Market Focus: OHIO

Continued from Page 12

Association (NMA), said a primary enforcement seat belt law could lead to more police stops, burdensome fines for drivers, and minimal improvements for public safety. **Jay Beeber**, the organization's executive director of policy, suggested that education would be more beneficial to Ohio drivers.

"Rather than offering drivers stopped for failing to use their seat belt the choice of viewing an educational video, the NMA supports making this video part of the licensing requirement for all new drivers," Beeber wrote in his testimony.

Matt Overturf
NAMIC

Fadel believes the benefits of a stronger seat belt law outweigh any arguments from opponents. The **Ohio Department of Public Safety** reported that more than 60% of traffic fatalities in the state involved someone not wearing a seat belt. Only 80.8% of Ohioans wear seat belts when driving, the 10th lowest rate of seat belt use in the United States, according to the **National Highway Traffic Safety Administration** (NHTSA).

Another driver safety bill introduced in Ohio was House Bill 395, which would allow teens to get a driver's permit as they turn 15 years old – six months earlier than they are currently allowed – and doubles to one year the amount of time they must hold a permit before receiving a probationary license. It also would require defensive driving training before receiving a driver's license and give income tax credits to young drivers who voluntarily take a defensive driving course.

"I think that the bill sponsor is just trying

Please see OHIO on Page 14

Ohio Snapshot

Regulator: Insurance Director Judith French
Rate regulation: file and use
Average rate approval time (2023): 40 days; U.S. average: 64 days

Size of personal auto market: $8.33 billion (2023 DPW) Rank: 11th
Average policy expenditure: $832 (2022)
Rank: 43rd
Auto Insurance Report PAIN Index rank: 33rd (2022)
Property Insurance Report HURT Index rank: 37th (2021)

Auto registrations: 4.0 million (2022)
Truck registrations: 6.6 million (2022)
Vehicle miles traveled (VMT): 110.58 billion (2022)
Traffic fatalities: 1.15 per 100 million VMT; U.S.: 1.33 (2022)
Vehicle thefts: 234.5 per 100,000 residents; Region: 250.9 (2022)

Liability defense: modified comparative fault, 51% bar
Minimum Insurance Requirements:
BI: $25,000/$50,000 • PD: $25,000

Safety Laws
All driver ban on holding electronic devices, with big exceptions; cellphone ban for drivers under 18
Speed and red-light enforcement cameras allowed by state law
Secondary seat belt law
Motorcycle helmets required for riders under 18

Demographics
Population: 11.8 million (2023)
Change 2010-2020: +2.3%, U.S.: +7.4%
Median household income (avg. 2018-2022): $66,990; U.S.: $75,149
Population density: 288.8 per square mile; U.S.: 93.8 per square mile (2020)

Sources: S&P Global Market Intelligence; NAIC; Milliman; U.S. Dept. of Transportation; NAMIC; U.S. Census; Insurance Institute for Highway Safety; FBI; Matthiesen, Wickert & Lehrer

State Market Focus: OHIO

Continued from Page 13

to get young drivers to drive at all four seasons before they get a driver's license," Overturf said, regarding lowering the age and extending the length of the learner's permit. "We haven't taken a position on this bill yet, but it's one that we're keeping an eye on."

Ohio offers two popular grants for low-income young drivers to go through a training program, Fadel said, both of which have a long waiting list. Fadel cited a 2022 study that found that 16-and 17-year-old drivers who go through similar programs have far fewer crashes than experienced 18-year-old drivers who do not complete similar programs.

"This governor has put a lot of focus on driver education for youthful drivers," Fadel said. "It's not an issue that is front and center in the headlines, but I can tell you, it's front and center in Gov. DeWine's mind."

Highway safety measures are top of mind for Ohio's governor, whose daughter died in an accident 30 years ago.

Efforts to make driving safer in Ohio come as auto insurance rates have risen precipitously, just as they have in markets across the country. Ohio's top 10 personal auto insurers increased rates an average 19.4% last year after 19.0% in 2022, according to RateWatch from **S&P Global Market Intelligence**. RateWatch reported approved rates averaging 3.3% through Sept. 20.

State Farm, the state's No. 1 insurer with 20.1% of the market, raised its rates by 20.1% last year and 15.5% in 2022, with just a 3.2% hike so far this year.

No. 2 **Progressive** increased rates an average 18.5% last year, following a 23.1% hike in 2022, while No. 3 **Allstate** raised groupwide rates an average 9.4% last year after a 17.5% increase in 2022. No. 4 **Geico's** 19.5% increase in 2023 followed a 32.3% increase in 2022.

Joe Roth
APCIA

The largest increase of 2023 came from **Pennsylvania**-based **Erie Insurance**, the eighth-largest personal auto insurance group in Ohio. Erie boosted rates by 34.1% in 2023 and another 21.1% this year.

Across Ohio, the incurred loss ratio for auto insurers was 70.0% in 2023, an improvement from 75.9% the previous year.

Despite the large rate increases, Fadel said, Ohio auto insurance rates have always been on the lower side. In 2022, Ohioans spent an average $832, the nation's 43rd highest. On our PAIN Index, which compares premium to income as an indicator of affordability, Ohio was 19th most affordable.

"When we do get hit with increases, it might look larger than what it might have been in another state that had much higher rates," Fadel said. "We'll probably see some increases still into the future, but I do sense that it'll start leveling out here by midway through next year."

Insurance trade groups have emphasized the impact of third-party litigation lending on insurance costs. Ohio lawmakers introduced Senate Bill 19 to make the practice more transparent with mandatory disclosure in civil cases of the amount loaned, itemized fees and the amount repaid by the consumer.

"We're seeing more verdicts go higher as a result [of lending]," Fadel said. "We're seeing more lawsuits filed as a result. We're all paying for that. We feel that this third-party funding litigation transparency will lend itself to poten-

Please see OHIO on Page 15

Focus: OHIO

Continued from Page 14

tially a more reasonable process in a lot of these cases."

Reining in third-party litigation finance has been a top priority for APCIA nationwide, but Roth doesn't expect this bill to pass this year.

"There's still a little too much disagreement around some of the provisions by those outside of the industry," Roth said, noting opposition from the plaintiff's bar and lending associations.

Roth said that he could see this bill evolving in the next session, especially if the **National Conference of Insurance Legislators** (NCOIL) comes out with model legislation on third-party litigation financing.

"I don't think there's anything definitive in the language or direction right now, but we will continue pursuing the issue in the next session," Roth said.

Judith French
Ohio
Insurance Director

Political infighting in the Ohio Legislature has resulted in passage of fewer substantive bills than usual in the last session. "If we can move past this, I think we've got some really great legislation we can put forward and see some positive traction," Roth said.

The regulatory environment has been much more amicable.

Insurance industry representatives in Ohio praise their working relationship with **Ohio Department of Insurance** and its director, **Judith French**.

"Director French and her team are very engaged," Overturf said. "She has a unique perspective being a former [Ohio] Supreme Court justice, and [she] understands the importance of the insurance market as an economic driver." AIR

AUTO INSURANCE REPORT

Established 1993

Brian P. Sullivan Sr., Editor
(949) 443-0330
bpsullivan@riskinformation.com

Leslie Werstein Hann, Managing Editor
(908) 310-7129
leslie@hannwriting.com

Patrick Sullivan, Senior Editor
(949) 412-5851
patsullivan@riskinformation.com

Ed McMenamin, Senior Editor
(217) 201-3956
edm@riskinformation.com

Layout Editor: William Murphy
Contributing Writers: Hal Conick, Jenna Schnuer

Dana Horst Sullivan, Subscription Director
dana@riskinformation.com

www.riskinformation.com

Click Here for Index of Back Issues

 ISSN: 1084-2950