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AUTO INSURANCE REPORT

The Authority on Insuring Personal and Commercial Vehicles

Jan. 27, 2025 Vol. 32#20/1507

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DC follows NAIC on AI. **Page 11**

Solving for Supplements And Innovation Challenges

The program for this year's Auto Insurance Report National conference continues to develop, and we're excited to announce two more sessions.

Kyle Krumlauf, director of industry analytics at **CCC Intelligent Solutions**, will join us for a discussion of how auto repair supplements have grown in importance, thanks to the increasing complexity of vehicles. Krumlauf will discuss how carriers respond faster to supplements to reduce cycle time, improve customer experience and lower costs.

Laura Doddington, head of North America personal lines insurance consulting and technology for **Willis Towers Watson** will discuss why carriers struggle to implement advanced

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Insurers Target Litigation Funding As Top 2025 Legislative Priority

As property/casualty insurers look to lower costs and emerge from the hard market, the industry's lobbyists will be striving this legislative session to combat third-party litigation funding while advocating for climate resiliency and defending the use of third-party data for rating and underwriting.

Industry trade groups in Washington, D.C., will also work to influence the unpredictable new administration of President **Donald Trump**. As with more conventional Republican presidents, the new administration presents opportunities for reduced regulation, but Trump's unconventional policy agenda poses the threat of higher replacement costs for cars and houses if he follows through with new tariffs. Disastrous **California** wildfires have also injected new industry urgency to support federal bills intended to reduce wildfire risk and harden homes.

The **American Property Casualty Insurance Associa-**

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D.C. Shifts Probe of Auto Rates, Mulls New Limits, UIM Mandate

As **District of Columbia** insurance regulators continue their evaluation of auto insurance pricing disparities, lawmakers are considering legislation that would raise minimum limits with updates every five years and require drivers to buy one of two types of underinsured motorist coverage (UIM).

Under B26-0057 – a repeat of legislation that did not advance in 2024 – UIM, now an optional coverage, would become mandatory, and insurers would have to offer both standard UIM coverage and enhanced underinsured motorists coverage (EUIM).

The standard coverage, often referred to as "offset" UIM, reduces the available recovery by the amount paid by the at-fault driver; with enhanced coverage – also known as excess UIM – the insured can receive up to the full amount

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tion (APCIA) and the **National Association of Mutual Insurance Companies** (NAMIC) expect to support bills in several states that would require plaintiffs to disclose third-party funders in lawsuits, and at least one bill that would entirely ban foreign investors from the practice.

Third-party litigation funding (TPLF) has become a growing investment opportunity for firms that finance lawsuits in exchange for a fee or percentage of the award. The insurance industry in recent years has waged a state-by-state lobbying battle against the trial bar over TPLF, slowly convincing legislators that the practice distorts the legal system to reward investors over claimants, that it inflates the frequency and severity of litigated claims and drives up insurance costs for consumers.

> ***Insurance lobbyists are forging ahead with the state-by-state fight for disclosure of third-party funders in lawsuits.***

"I think more and more policymakers are starting to understand the scope of the problem and understand the negative impact it ultimately has on policyholders," said **Erin Collins**, NAMIC senior vice president of state and policy affairs. "I think the general public's understanding of this is increasing as well, especially with respect to outside investments in lawsuits from across the border. That's particularly concerning."

"Legal system abuse," along with post-pandemic inflation and the changing climate are combining to drive higher costs and rates, Collins said. "Those three things swirling have created challenges."

The three-legged dynamic described by Collins has led insurers to increase rates and tighten underwriting during the post-pandemic hard market, resulting in affordability and availability issues for policyholders. The trade groups say their lobbying efforts, taken as a whole, are intended to maintain a competitive market to lower those costs for consumers.

Erin Collins
NAMIC

"Having a regulatory environment that allows companies to compete, that allows companies to seek and secure the rate that they need to adequately protect consumers, is critical to what we do," said **Adam Shores**, APCIA senior vice president of state government relations.

Tort reform is the primary priority in state legislatures, and the industry also expects to push for more funding for home hardening and mitigation programs to reduce storm and wildfire losses.

Maintaining insurers' ability to use "risk-based pricing" – by defending the use of variables like credit-based insurance scores and other third-party data for rating – remains a priority, but it has faded from the top spot in the years since **Colorado** passed Senate Bill 169. The Colorado law will require insurers to test their predictive models to ensure they are not unfairly discriminatory. But officials are still working to write the regulation's precise rules for property/casualty carriers. A wave of imitators has not yet followed, as other states have generally waited before emulating the law, with some exceptions like **Illinois**.

Questions of race and fairness have remained a hot topic in the **District of Columbia**, where the **Department of Insurance, Securities and Banking** (DISB) commissioned a study of losses and premiums to identify racial bias. (See story on Page 1 and AIR 6/24/24.) In **Oregon**, NAMIC and the APCIA plan to oppose an expected bill that would require insurers to collect racial

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data from policyholders to evaluate whether there is bias. Insurers do not collect information about race today, and they strongly oppose the potential requirement. APCIA expects Illinois lawmakers to revisit 2024 proposals to limit the use of socioeconomic rating factors and prohibit the use of third-party consumer data, algorithms or predictive models that unfairly discriminate based on protected class. (AIR 3/25/24) The bills stalled in committee last year.

Collins says the industry also expects continued regulatory scrutiny concerning the role of artificial intelligence. Regulators are often asking insurers how they use AI for automated decision making and whether there is algorithmic bias. Discussions with regulators are largely driven by a model bulletin about AI that was issued in late 2023 by the **National Association of Insurance Commissioners** and has since been adopted by 21 state insurance departments, she said.

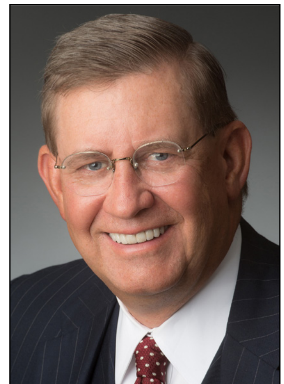
The new administration's priorities could reduce the impact of the Federal Insurance office.

APCIA and NAMIC lobbyists in Washington will navigate the unpredictability of a new presidential administration. Trump's stated intention to cut government bureaucracy is consistent with the Republican Party's traditional platform and could reduce federal oversight of insurers.

Conversely, Trump's announcement to place 25% tariffs on goods imported from Canada and Mexico and 10% from China beginning Feb. 1 could restrict trade and increase the claims costs for houses and cars.

Generally, the APCIA expects that a Trump administration will mean a more "modest agenda" at the **Federal Insurance Office** (FIO).

"The new political environment should result in less intrusion by the federal government across the economy," APCIA president and CEO **David Sampson** said in an email. "This bodes well for the state-based insurance regulatory system, which has seen increasing efforts to layer federal oversight on top of the state-based regulatory system."



David Sampson
APCIA

Insurers also see the unofficial Department of Government Efficiency (DOGE), headed by **Elon Musk** and **Vivek Ramaswamy**, as a potential opportunity to reform or eliminate the FIO entirely. The office drew the ire of the industry and state regulators with a call for insurer climate data that many saw as a backdoor attempt to study disparate impact. FIO ultimately abandoned the call in March, and it is now working with the NAIC on a collaborative data call.

It's unclear how anyone can submit proposals for cost-cutting or deregulation through DOGE. It's also unclear what impact Trump's tariffs – promised just 12 days before they would go into effect – might have or if he will ultimately follow through despite pushback from business executives.

Tariffs are "one part of an economic agenda, so you have to look at this whole Trump economic plan," said **Jimi Grande**, NAMIC senior vice president of federal and political affairs. "Factor in tax reform, factor in what he does with some of these regulatory agencies. Will it be good or bad? I don't know. Every new administration brings in some opportunities and some threats."

APCIA opposes broad new tariffs that could "negatively impact the affordability of auto and property insurance for all Americans," Sampson said. "The potential tariffs come at a time when the insurance industry is just beginning to recover from the one-two punch of historic

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inflation and Covid-related cost drivers."

The potential tariffs would likely drive up the cost of vehicle parts and materials, he said, leading to more expensive repairs.

Grande also said that engaging with lawmakers for discussions of U.S. tax reform legislation during the Trump term will be important. The trade groups work to educate House and Senate members on the insurance industry's tax structure, which allows insurers to roll back or carry forward losses across years to account for the cyclical nature of claims costs.

"For the insurance industry, there's a ton of risk whenever you open up tax reform, because we are very unique in our own subchapter of the tax code," Grande said. "Most members of Congress don't understand the uniqueness of insurance."

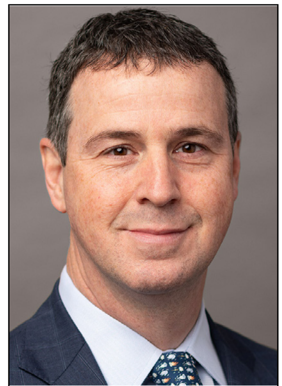
The devastating Los Angeles wildfires have also reinvigorated industry support of two bills that intend to reduce wildfire risk and improve resilience and mitigation – the Fix our Forests Act and the Promoting Resilient Buildings Act. Both bills passed the House last year but did not advance in the Senate.

> ***President Trump's planned tariffs would drive up the cost of vehicle repairs just as the industry is beginning to recover.***

U.S. Rep. **Bruce** Westerman, chairman of the House Committee on Natural Resources, and U.S. Rep. **Scott Peters** re-introduced the Fix our Forests Act earlier this month, and it passed the House Jan. 23 and awaits action in the Senate.

Supporters say it would curb wildfire risk with enhanced forest management and increased resiliency efforts. APCIA, NAMIC and two other industry trade groups have sent letters urging lawmakers to take swift action.

"The catastrophic wildfires raging through Los Angeles County are a stark reminder that wildfire risk is increasing," Sampson said in a statement. "Congress must act now to reduce the risk, save lives and protect communities."



Jimi Grande
NAMIC

The bill includes provisions to use "state-of-the-art science to prioritize treatment of forests at the highest risk of wildfire, make communities more resilient by coordinating and improving grant programs to mitigate wildfire risk on the front-end, advance scientific research on wildfire resilience and land management in the Wildland Urban Interface, and support the adoption of fire-resistant building methods, codes and standards – proven methods to reduce losses," NAMIC said in a press release supporting the legislation.

Critics of the Fix our Forest Act say that it will have the opposite effect of its name. It removes currently required environmental reviews to allow forest management programs to start more quickly, which could open the door to timber companies for clear-cutting old growth forests. Highly flammable small trees and brush would then grow in place, leading to even more fire risk, **David Super**, law professor at **Georgetown University**, wrote in an op-ed in *The Hill* last year.

The Promoting Resilient Buildings Act "would allow communities to adopt stronger, up-to-date building codes and establish a residential retrofit pilot program within FEMA to harden existing structures," NAMIC wrote in a press release.

In the states, third-party litigation funding is just one of several tort reform items on the to-do list of P/C lobbyists. Insurance trade groups also expect to defend 2023 reform laws in **Florida** from attempts by the trial bar to reverse course.

"Companies are seeing that there's a little bit

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more stability in the state of Florida because of these reforms," said Shores at the APCIA. "And so that's the intended outcome of this – to create that stability, to bring more capacity, to bring more consumer choice, and competition to the market. We want to protect that in Florida."

The industry will again attempt to reform "phantom damage" laws in **Georgia** that allow lawsuit recoveries to include awards for medical care billed rather than the discounted amounts actually paid. In **Maryland**, the APCIA is opposing a bill to repeal caps on noneconomic damages. Lobbyists also expect fresh efforts by the trial bar in **Michigan** to expand bad faith laws.

Litigation funding remains the primary focus, and the industry looks to build on momentum from successful disclosure laws passed last year in **Indiana, West Virginia** and **Louisiana**.

> ***Insurers fight to eliminate 'phantom damages' in Georgia and to retain noneconomic damage caps in Maryland.***

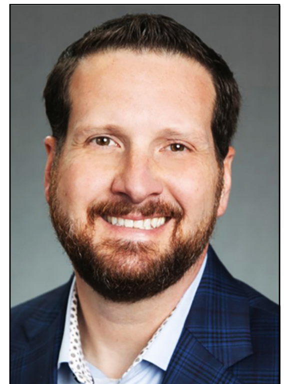
In 2025, the industry expects to focus support on bills requiring TPLF disclosure in California**,** Florida**,** Georgia**, Minnesota,** Michigan**, New York, North Carolina North Dakota, South Dakota and Wisconsin**.

At least 20 states in all are at least considering bills on TPLF disclosure or other reforms, Shores said.

In **Texas**, the industry also plans to encourage the Texas Supreme Court Advisory Committee to examine possible rules that would require TPLF disclosure in state courts.

Montana already passed a TPLF disclosure law in 2023 that is considered the strongest in the country, but Shores anticipates new legislation that would ban foreign investment in lawsuits entirely.

The P/C industry has also identified attorney advertising as a driver of "social inflation," the term used to describe the trend toward large jury awards and court costs in general that lead to larger losses and higher rates. Shores said the APCIA is looking to support bills like a 2022 Louisiana law that requires legal service advertisements to disclose attorney fees associated with settlements or jury verdicts and include disclaimers for past successes. The law also prohibits misleading portrayals and bans the use of a nickname, motto or moniker that "states or implies an ability to get results …" APCIA would also support laws modeled on Florida and Texas bills that prohibit legal ads from using terms like "health alert" or that mimic public service announcements.



Adam Shores
APCIA

"We're looking to provide more guardrails and parameters for how attorneys advertise, really cracking down on misleading advertising that [tells] a potential plaintiff that they're going to get these huge awards," Shores said. "And really, the lion's share of that money goes into the pockets of those attorneys who are doing that advertising."

Litigation funding will also be a priority at the federal level.

Insurers have embraced broader, less insurance-specific arguments against third-party litigation funding to appeal to lawmakers. They assert that TPLF allows foreign governments or companies to fund spurious lawsuits that require American companies to divulge competitive information or intellectual property in court discovery, threatening both American economic interests and national security.

NAMIC and APCIA lobbyists expect to support legislation again this year similar to the Litigation Transparency Act of 2024, which would

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have required disclosure of third-party funders in lawsuits. It was introduced without success last year by U.S. Rep. **Darrell Issa** of California.

"Once a last resort, litigation is becoming more expensive and more prevalent, with the injured party's percentage of recovery declining as lawsuits are financed by outside parties," Sampson said.

"It is fair to ask who is really benefiting from the accelerating volume and cost of lawsuits. APCIA aims to reduce the costs and need for litigation, while restoring balance and fairness to our judicial system." AIR

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of coverage purchased, without any deduction for the amount recovered from the at-fault driver.

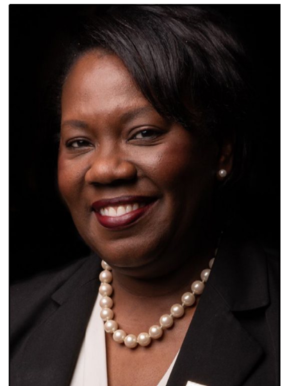
The bill would raise the District's minimum limits for bodily injury from $25,000 per person and $50,000 per accident – where the limits have been set since 1986 – to $50,000/$100,000. Minimum limits for property damage liability would rise to $20,000 from $5,000. The per-person BI limits would automatically increase by $5,000 every five years.

Insurance industry representatives warn that increasing the minimum limits and requiring drivers to buy additional coverage could increase insurance costs for the most financially vulnerable people in a market that already has many uninsured drivers. (AIR 1/15/24)

> ***A study conducted for regulators found that higher rates for Black and Hispanic drivers reflected higher claims.***

Regulators have expressed concerns about the sharp rise in insurance rates after the pandemic and price disparities that result in Black and Hispanic drivers paying more than white drivers.

The **D.C. Council** in late 2023 passed a law (B25-150) that changed the District's rate regulation from file-and-use to prior approval, giving **Karima Woods**, commissioner of **D.C. Department of Insurance, Securities and Banking** (DISB), more control over rate hikes.



Karima Woods
DISB Commissioner

In its efforts to address pricing disparities, DISB least year released the final draft of a long awaited report on unintentional bias in private passenger automobile insurance, the culmination of a process that took more than three years. The study – conducted by **O'Neil Risk Consulting & Algorithmic Auditing** (ORCAA) – concluded that higher auto insurance rates, on average, for Black and Hispanic drivers reflected the fact that as a group they generated higher losses.

DISB Associate Commissioner **Philip Barlow** reached out to industry representatives to see how they can work collaboratively on the next phase of the examination, according to **Nancy Egan**, state government relations counsel with the **American Property Casualty Insurance Association** (APCIA). DISB intends to take the following six steps for its continuing examination:

• create a balancing test to look at factors correlated with losses and race;

• conduct studies on the types and causes of claims by Black and Hispanic drivers;

• study the differential in Black and Hispanic driving infractions;

• review telematics to identify consumer pro-

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tections;

• analyze ways that wealth may lead to the premium gap; and

• evaluate why quotes from agents were lower than direct quotes online and why Black drivers were less likely to get quotes from agents.

"The new initiatives are focused on things the District can do to address the claim differential, and as that difference is addressed, ensure that the premium differential follows suit," Woods said via email.

Efforts to identify claims and losses by race is complicated by the fact that insurers do not collect information about race.

APCIA is currently surveying members for data to help DISB delve into claims and losses by Black and Hispanic drivers, though insurers don't specifically collect information about race.

Nancy Egan
APCIA

"We're working in conjunction with them to provide information as we can," Egan said. "The overall conclusion of the report is showing that insurance companies are charging what is reflected by their losses. We were happy about that."

Insurers have expressed concerns, however, about the efforts to increase limits and expand UIM coverage.

In written testimony for the 2024 bill, **Matt Overturf**, assistant vice president of state affairs for the **National Association of Mutual Insurance Companies** (NAMIC), said the changes would create upward pressure on insurance premiums and could disrupt the auto insurance market.

In a statement of introduction to the bill, D.C.

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Dist. of Columbia 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	-3.4	6.9	17.1	8.9	6.0	2.2	-2.3	-3.2	6.5	13.0	5.2
Personal Auto Phys	-13.6	-2.7	8.7	9.3	10.1	10.7	6.1	9.9	14.8	16.1	6.9
Personal Auto Total	-8.1	2.7	13.4	9.1	7.8	6.0	1.6	3.1	10.4	14.5	6.0
Comm. Auto Liab	-3.6	26.3	29.6	30.0	18.2	23.3	28.9	24.4	20.6	26.1	22.4
Comm. Auto Phys	-6.4	9.1	14.5	14.4	7.2	8.7	11.9	11.5	11.9	16.3	9.9
Comm. Auto Total	-4.1	23.4	27.4	27.9	16.6	21.2	25.9	22.1	19.1	24.7	20.4
Total All Lines*	19.1	23.2	22.3	29.8	20.2	13.0	5.6	20.5	27.3	19.8	20.1

*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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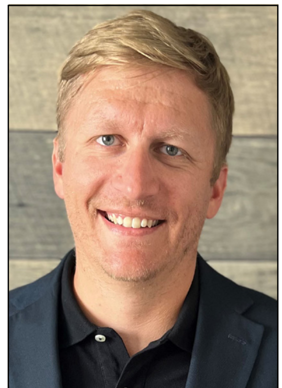
Council chairman **Phil Mendelson** wrote that the current limits are not keeping pace with the cost of medical services or the consumer price index.

Other states with $50,000/$100,000 minimum BI limits are **Alaska**, **Maine**, **Michigan** and, as of Jan. 1, **Virginia**; **North Carolina's** limits will rise to $50,000/$100,000 on July 1.

In addition to requiring insurers to offer both enhanced and offset UIM coverage, the new law would make the coverage mandatory for drivers, who now have the option to reject it.

"With EUIM, an insured will receive the full benefit of their UIM coverage; the insurance carrier will not be able to take a credit for the at-fault driver's insurance and reduce its payment to the insured," Mendelson wrote.



Matt Overturf
NAMIC

"With this bill there is no longer an option to waive either EUIM or UIM entirely."

The combination of higher limits and mandatory UIM coverage could make insurance unaffordable for some drivers. The District already has the highest uninsured motorist rate in the country at about 25%, according to the **Insurance Research Council**.

"There's a portion of the current population that's driving at the current minimum limits, and they're the ones that are going to feel this impact

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District of Columbia 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
Berkshire Hathaway/Geico	$154,360	35.7%	81.2%	$151,197	38.3%	95.4%	$149,979	38.7%	77.3%
State Farm Mutual	$75,035	17.3%	95.0%	$63,902	16.2%	96.5%	$57,034	14.7%	78.2%
Progressive Corp.	$48,683	11.3%	71.4%	$35,522	9.0%	59.9%	$32,907	8.5%	65.8%
USAA Insurance Group	$43,135	10.0%	98.9%	$40,772	10.3%	91.1%	$41,123	10.6%	67.4%
Allstate Corp.	$29,513	6.8%	65.4%	$27,085	6.9%	77.6%	$27,866	7.2%	66.5%
Travelers Companies Inc.	$19,967	4.6%	72.8%	$16,721	4.2%	66.8%	$16,270	4.2%	62.4%
Liberty Mutual	$16,170	3.7%	71.5%	$19,821	5.0%	76.2%	$25,272	6.5%	83.1%
Erie Insurance Group	$13,336	3.1%	120.3%	$10,208	2.6%	115.5%	$9,749	2.5%	86.6%
CSAA Insurance Exchange (NorCal)	$7,356	1.7%	145.7%	$5,554	1.4%	143.7%	$1,936	0.5%	106.7%
Nationwide Mutual Group	$6,279	1.5%	63.8%	$7,195	1.8%	65.3%	$8,837	2.3%	62.8%
Hartford Financial Services	$5,266	1.2%	73.6%	$4,217	1.1%	56.3%	$4,857	1.3%	49.3%
Chubb Ltd.	$5,175	1.2%	64.8%	$4,776	1.2%	69.0%	$4,695	1.2%	38.4%
Amica Mutual Insurance Co.	$3,301	0.8%	64.9%	$3,093	0.8%	85.9%	$2,373	0.6%	54.0%
American Family Insurance Group	$1,497	0.4%	78.6%	$1,414	0.4%	136.0%	$1,535	0.4%	28.8%
Cincinnati Financial Corp.	$1,300	0.3%	31.0%	$820	0.2%	37.8%	$668	0.2%	29.2%
Tokio Marine Group/PURE	$951	0.2%	51.4%	$918	0.2%	63.9%	$850	0.2%	49.5%
Statewide Totals	$432,865		83.8%	$394,450		87.8%	$387,191		73.0%

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.

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State Market Focus: DISTRICT OF COLUMBIA

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the most," Overturf said in an interview.

Daniel Hinkle, senior state affairs counsel for the **American Association for Justice** (AAJ), said his group's research disputes the industry's conventional wisdom. Testifying on behalf of the **D.C. Trial Lawyers Association**, he said that increasing auto insurance minimum limits has not increased the cost of insurance in other markets.

"States that have raised their minimum levels have seen the cost of auto insurance increase at a lower rate than the country as a whole over equivalent period," Hinkel said, citing research from AAJ. "Uninsurance rates do not rise either."

While statewide average costs may not increase significantly, the drivers carrying minimum limits – often because of financial constraints – face higher costs simply for being required to purchase more coverage.

Under the legislation, the new minimum limits would go into effect immediately and increase by $5,000 every five years, beginning Jan. 1, 2028. The automatic increase would be the only escalation provision of its kind in the country, according to Egan of APCIA.

"Automating increases in costs that consumers must bear the burden of risks increases in minimum limits outstripping prices of other goods and services in the future, leaving District drivers paying more than is needed," Egan wrote in testimony. "The District should, like

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District of Columbia 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
State Farm Mutual	$15,713	24.1%	77.7%	$14,848	20.2%	91.3%	$602	1.0%	50.3%
Travelers Companies Inc.	$4,231	6.5%	60.4%	$3,738	5.1%	10.7%	$3,932	6.2%	0.8%
Hartford Financial Services	$4,178	6.4%	68.9%	$3,635	5.0%	43.5%	$2,419	3.8%	41.0%
Hanover Insurance Group	$4,021	6.2%	42.3%	$3,576	4.9%	35.3%	$3,181	5.0%	27.6%
Berkshire Hathaway Inc.	$2,832	4.3%	64.9%	$2,127	2.9%	25.4%	$2,317	3.7%	30.5%
Farmers Insurance Group	$2,832	4.3%	78.6%	$16,364	22.3%	103.6%	$10,604	16.8%	128.2%
Erie Insurance Group	$2,771	4.3%	60.0%	$2,533	3.5%	104.2%	$2,267	3.6%	60.9%
Tokio Marine	$2,548	3.9%	41.9%	$2,559	3.5%	54.7%	$2,477	3.9%	54.6%
Chubb Ltd.	$2,392	3.7%	28.1%	$2,193	3.0%	19.4%	$2,045	3.2%	22.3%
VFH Captive Insurance Co.	$1,943	3.0%	57.1%	$1,734	2.4%	31.4%	$1,897	3.0%	21.2%
Zurich Insurance Group	$1,744	2.7%	69.7%	$1,342	1.8%	114.7%	$1,311	2.1%	69.7%
Liberty Mutual	$1,552	2.4%	40.8%	$1,507	2.1%	146.6%	$1,433	2.3%	470.2%
Markel Corp.	$1,527	2.3%	72.1%	$881	1.2%	60.0%	$874	1.4%	49.9%
Selective Insurance Group Inc.	$1,348	2.1%	37.4%	$1,208	1.6%	50.0%	na	na	na
CSAA Insurance Exchange (NorCal)	$1,311	2.0%	34.5%	$459	0.6%	37.9%	$0	0.0%	0.0%
American International Group	$1,214	1.9%	45.3%	-$306	-0.4%	-121.7%	$683	1.1%	112.0%
CNA Financial Corp.	$1,180	1.8%	9.2%	$945	1.3%	47.8%	$1,029	1.6%	54.1%
Statewide Totals	$65,211		49.2%	$73,478		83.2%	$63,150		54.6%

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.

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State Market Focus: DISTRICT OF COLUMBIA

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other states, deliberate on any such increases in accordance to the needs of constituents at the time."

The requirement to carry UIM or EUIM would also be a burden to consumers, according to testimony from **Tom Glassic**, executive director of the **District of Columbia Insurance Federation** (DCIF).

Woods, the DISB commissioner, opposes the requirement that insurers offer two kinds of UIM coverage, preferring that they offer the enhanced coverage only.

Requiring drivers to choose between the enhanced and offset UIM coverage is unnecessary and would be complicated for policyholders, according to her testimony.

Representatives for trial lawyers noted that other markets in the region – like Virginia and Maryland – have recently increased their minimum limits. However, Glassic said in an interview that any argument in favor of uniformity must be balanced against economic reality: About 30% of registered drivers in D.C. now currently have the minimum coverage, and increasing their premiums by requiring them to buy more coverage could make insurance unaffordable for many.

Despite their opposition, insurance lobbyists expect some version of legislation to pass.

Auto insurance rates in the District experienced the post-pandemic spike that swept the nation, but Woods said that rates moderated in 2024. "We hope that we are through the worst of it and rate requests will continue to be low to moderate," she said.

The recent change to prior approval gives DISB the opportunity to collaborate with insurers and mitigate the impact of rate increases on consumers, she added.

Even when the law allowed insurers to file

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District of Columbia Snapshot

Regulator: Insurance Commissioner Karima Woods
Rate regulation: prior approval
Average rate approval time (2023): 209 days
U.S. average: 70 days

Size of personal auto market: $432.9 million (2023 DPW) Rank: 51st
Average policy expenditure: $1,502 (2022)
Rank: 4th
Auto Insurance Report PAIN Index rank: 25th (2022)
Property Insurance Report HURT Index rank: 47th (2021)

Auto registrations: 201,207 (2022)
Truck registrations: 168,412 (2022)
Vehicle miles traveled (VMT): 3.42 billion (2022)
Traffic fatalities: 0.94 per 100 million VMT; U.S.: 1.33 (2022)
Vehicle thefts: 512.2 per 100,000 residents; Region: 520.2 (2023)

Liability defense: pure contributory negligence
Minimum Insurance Requirements:
BI: $25,000/$50,000 • PD: $10,000 • UM: $25,000/$50,000

Safety Laws
Texting ban; cellphone ban for drivers under 18
Primary safety belt law
Motorcycle helmets required for all riders
Red-light and speed-enforcement cameras allowed by city law

Demographics
Population: 678,972 (2023)
Change 2010-2020: 14.6%, U.S.: +7.4%
Median household income (avg. 2019-2023): $106,287; U.S.: $78,538
Population density: 11,280.7 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

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and then use rates, they typically would wait for DISB's approval. However, as losses rose rapidly in the wake of the pandemic, some insurers filed for increases of more than 20%, then applied the rates right away. Regulators were "surprised" by this, and worked to create the change legislatively, an insurance executive said.

A spokesman said DISB has hired additional staff and engaged a consultant to assist in the review of filings. The department is encouraging insurers with urgent needs to contact them, "so we can prioritize our review of those policy forms," the spokesman said in an email.

DISB released a bulletin in May 2024 on the use of artificial intelligence in insurance that is substantially the same as the **National Association of Insurance Commissioners** (NAIC) AI model bulletin.

"DISB is looking at how AI may be impacting rate filings, but beyond that, we recognize that other AI applications may not require DISB approval and are not likely to be specific to the District," Woods said. "We hope to work through the NAIC to identify and monitor those uses to ensure District insurance consumers are being treated fairly when AI tools are used by insurers." AIR

Correction

The story about **California** in last week's edition of *Auto Insurance Report* incorrectly reported the name of the insurer that acquired **Wawanesa General Insurance Co.** It was sold to the **Interinsurance Exchange of the Automobile Club**, which is the insurer affiliate of the **Automobile Club of South California** and the fifth-largest personal auto writer in the state. We regret the error. Here is a corrected edition of AIR 1/20/25.

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CONFERENCE *Continued from Page 1*

analytics and other innovative solutions. Having worked on a host of innovation initiatives, she'll point out where carriers choke and how the most successful insurers succeed.

Our 27th annual conference will be held May 4-6 at the Breakers in Palm Beach, **Florida**. We expect to sell out early, so don't delay. We also offer a $100 discount for early registrants through Feb. 15. Our deeply discounted room rates will also sell out quickly. To register and learn more about the event, visit *www.riskinformation.com* or click the logo below. AIR

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