AUTO INSURANCE REPORT

The Authority on Insuring Personal and Commercial Vehicles

March 4, 2024 Vol. 31#25/1464

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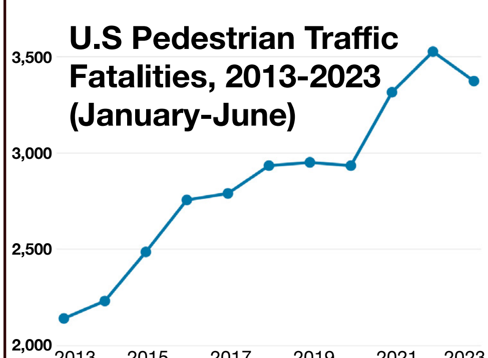
While Still High, Pedestrian Deaths Finally Start to Fall

The number of pedestrians killed by vehicles, on the rise since the pandemic, finally began to decline in the first half of 2023, according to a new report from the **Governors Highway Safety Association**. In the first half of last year, 3,373 pedestrians died, down 4% from the same period in 2022. Pedestrian fatalities are up 14% since 2019, and 2022 brought a four-decade high of more than 7,500 deaths for the year. AIR



Source: Governors Highway Safety Association

Insurers Amp Up Ad Spending To Draw Rate-Weary Shoppers

Auto insurers that jumped ahead of competitors with rate increases are now revving their advertising engines, ready to scoop up drivers who are shopping for deals and ready to switch in a turbulent market.

Allstate and **Progressive** made the biggest advertising splash at the end of 2023, looking to grow market share in states where they believe rates are now adequate. **Geico**, too, increased advertising in the fourth quarter but to a lesser degree, according to data from **Comperemedia**, a market research firm.

With a new positive market outlook, Allstate announced last month that it would begin accepting new business in **California** after large rate increases in the state. Allstate CEO **Tom Wilson,** during a Feb. 8 earnings call with investors, described Allstate's mindset as "all systems go" in at least two-thirds of states, and that he expects the same from

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Vermont Considers Expansion Of Underinsured Motorist Coverage

Vermont legislators are considering a bill that would raise minimum limits for uninsured and underinsured (UM/UIM) coverage to the highest in the country.

Even if insurers succeed in persuading lawmakers to avoid that route, the legislation has other costly provisions. The bill would prohibit insurers from reducing an insured's UIM recovery by the amount paid by the at-fault driver.

Senate Bill 150, introduced by state Sen. **Richard Sears**, would raise limits to $100,000 for one person killed or injured and $200,000 per accident. Currently, the state's UM/UIM limits are $50,000 and $100,000, respectively, which is double the minimum limits for bodily injury liability. Vermont is already alone in requiring higher minimum limits for UM/UIM than for third-party bodily injury, according to research from the **American Property Casualty**

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the other Top 5 carriers.

"I fully expect that Progressive and Geico are going to spend more money in advertising … seeking to grow this year based on where their profitability is," Wilson told investors. "**State Farm** has also been aggressive in trying to grow, although they still have to improve their price position so that they are earning profit. But I expect it to continue to be a competitive environment."

Progressive executives confirmed those expectations during last week's earnings call, telling investors that it plans to take advantage of adequate rates in most states to grow.

"We have a continued hard market, ambient shopping is still up, so we know our competitors are still getting rate," said CEO **Tricia Griffith**.

As they restart advertising, insurers such as Progressive are ending non-rate actions that had slowed growth.

"Those customers are shopping, and we're able to get that at a really inexpensive acquisition cost. Then we also know that we're unraveling a lot of our non-rate actions, our underwriting actions. … The third part of that trifecta is our ability to be able to spend a lot on media. So, we are really excited about heading into 2024."

The renewed appetite for growth among the largest carriers, combined with rate increases, should lead shopping volume to remain high in 2024 at levels comparable to 2023, according to both **TransUnion** and **LexisNexis**, though their figures differ.

LexisNexis found that auto insurance shopping increased 4.7% in the fourth quarter, and the number of new policies grew by 7%. The volume of new policies is driven primarily by existing policyholders who switch carriers, but it also includes uninsured drivers returning to the market and first-time buyers.

Stothard Deal
TransUnion

Growth in new policies outpaced the growth in shopping for the sixth consecutive quarter, meaning that when consumers shop, more of them are switching, according to LexisNexis. As a result, annual policy retention rates fell about 3 percentage points from the beginning of 2022 to the end of 2023, landing near 80%.

TransUnion reports that auto insurance shopping increased 7.7% in the fourth quarter of 2023 compared to the same quarter in 2022. TransUnion credited rising premiums and new vehicle purchases for the increase. While shopping volume was up year-over-year, individual shoppers considered fewer carriers when looking for quotes.

"As the overall market rate level went up, consumers were less likely to find significant savings when they shopped around," said **Stothard Deal**, TransUnion vice president of insurance solutions. "They're resigned to the higher cost and are now just more selectively shopping when they do shop."

While reports from TransUnion and LexisNexis – which monitor quoting and binding activity when carriers buy credit, claims and other data – showed a rise in fourth-quarter shopping, activity on third-party comparison websites cooled off last year, according to **Verisk.** Despite a decline that began in April 2023 and continued through January 2024, the volume of shopping on third-party sites remains 75% greater than in 2018, according to **Jeffrey Piotrowski**, vice president of insurance at Verisk.

Third-party sites cast a wider net, which could reflect a drop in window shopping as buyers are intent on visiting a carrier website and making the switch.

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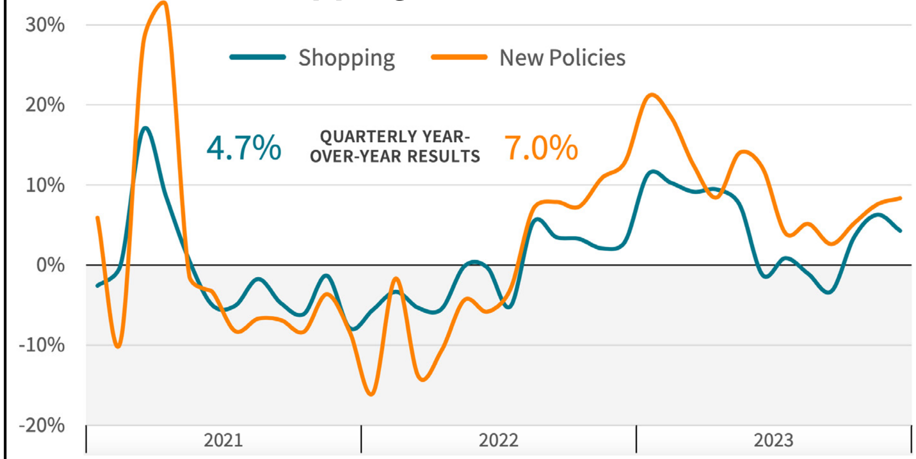
Monthly Year-Over-Year Change In Shopping and New Policies



Source: LexisNexis Risk Solutions

Carriers see an opening to grow market share in states where not all insurers have increased rates at the same time or pace, said **Adam Pichon**, LexisNexis senior vice president of auto insurance and claims. As laggards play catch up and file rate hikes, the subsequent increase in shopping creates opportunities for other carriers to grow, he said.

"Simultaneously, we're starting to see the marketing spigots turn back on, and those marketing spigots draw consumers to the insurance company that's doing the marketing, but they also broadly draw consumers off the couch," he said.

Those shoppers may land with the company buying the ads, but they'll likely consider competitors, too. "Right now, when a consumer shops, they're more likely to actually purchase a policy than they have historically," Pichon said. "Conversion rates have gone up. If you're in a position where you can actually take advantage of that, you can grow."

States where regulators have been slow to approve rate increases could present the best opportunity for carriers to claim new market share, he added. In contrast, in states like **Texas**, where rate activity has slowed after early increases, Pichon will be watching to see if shopping and switching tapers off. The shopping volume in Texas dropped 4% already in the fourth quarter, according to LexisNexis.

Direct marketers, including Progressive and Geico, drove most of the increase in shopping in the fourth quarter of 2023, in contrast to the trend a year earlier. The volume of shopping in the direct channel increased 27% in the fourth quarter according to LexisNexis. In late 2022, reduced marketing hurt direct distribution, and "independent agents capitalized on the opportunity to cater to shoppers looking to evaluate policies from multiple carriers," according to the LexisNexis report.

For much of 2023, consumers shopped despite carrier efforts to cut costs, restrict underwriting and limit marketing to slow growth and return to profitability. Those efforts eventually dampened shopping activity in the third quarter of 2023, but the overall volume remained high for the year, according to data from TransUnion and LexisNexis. That dynamic changed in the fourth quarter, as carriers with adequate rates began to encourage consumers to shop and switch.

Adam Pichon
LexisNexis

Carriers are returning to market carefully on a state-by-state basis. While Allstate said last month it was reopening new business in California following a 30% rate increase, it plans to continue to reduce policy counts in **New Jersey**,

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where regulators approved smaller increases than the company requested.

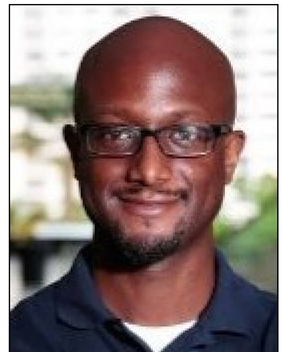
Even as Allstate seeks more rate, "we will continue to get smaller in New Jersey, just given the lack of rate adequacy," said **Mario Rizzo**, president of property-liability insurance. The company is also awaiting additional rate increases in **New York** before seeking new business there.

Auto insurers moved to aggressively increase rates across the country after two of the worst underwriting years on record in 2021 and 2022. (AIR 01/22/24) As a result, Allstate's auto line returned to profitability in the fourth quarter of 2023, posting a combined ratio below 100% for the first time since the second quarter 2021. Progressive's flirtation with poor personal auto results was short-lived. But the line's combined ratio regularly exceeded the company's target of 96% from mid-2021 until the third quarter of 2023 when it returned to 91.2%. Progressive continued to increase its policyholder count into January 2024, showing an 8% growth in policies year over year.

> ***Insurers still spend the most money, by far, on national TV advertising, increasing 9% to $476 million in the fourth quarter.***

Geico, too, returned to profitability, posting a 90.7% combined ratio in 2023 compared to 104.8% in 2022, according to its annual report. The company aggressively cut costs in 2023 and reduced its policyholder count by a 9.8% year-over-year to restore profits.

State Farm has had a rockier recovery. It posted a $9.7 billion auto insurance underwriting loss on $56.1 billion of earned premium in 2023, an improvement over the $13.4 billion underwriting loss on $45.7 billion of earned premium in 2022, which was the worst year on record for the insurer. (AIR 5/22/23)



Kendall Gadie
Mintel

As companies have moved toward profitability, they have been selective about not just where they reopen for business, but how they reach those potential new policyholders. Insurers reinvigorating their advertising budgets are shifting spending toward digital video ads, especially on YouTube, which is less expensive and more precisely targeted compared to national TV ads, according to **Kendall Gadie**, associate director at **Mintel**, parent of Comperemedia, and a former competitive intelligence analyst at State Farm. A focus on YouTube suggests an increased effort to target younger shoppers on digital channels, where they spend the bulk of their time, he said.

Carriers still spend the most money, by far, on national TV advertising, which increased 9% in the fourth quarter year-over-year to $476 million. Industry spending on mailers dropped 38% to $181 million in the fourth quarter, while spending on YouTube and other digital video increased 165% in the fourth quarter to $43 million.

In total, carriers spent $720 million on advertising in the fourth quarter, 7% less than the same quarter in 2022 but 17% more than the preceding quarter. Of the top 10 spenders, only Progressive and Allstate increased spending both year-over-year (7% and 30% respectively) and quarter over quarter (94% and 8%). Three others – Geico, State Farm and **Liberty Mutual** – increased their ad spending in the fourth quarter compared to the preceding quarter.

Even though the market is still turbulent, carriers are looking to keep their brands top of mind — but at a lower cost than traditional TV would afford, Gadie said.

"Digital channels continue to be more of a focal point for carriers," he said. AIR

State Market Focus: VERMONT

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Insurance Association (APCIA).

In testimony on the bill last month, **Rory Whelan**, Northeast regional vice president for the **National Association of Mutual Insurance Companies** (NAMIC), told members of the Senate Judiciary Committee that while Vermont has relatively inexpensive auto insurance and a low rate of uninsured drivers, the state already has among the highest minimum auto insurance limits in the country.

If lawmakers further increase the UM/UIM limits, “there will be a causal effect on some people who can’t afford it and are going to go uninsured,” Whelan said in an interview. “They’re going to roll the dice. And of course, that’s just terrible for society at large.”

SB 150 would also prohibit “offset” provisions of UIM coverage, requiring that policies provide excess-only coverage. This means that underinsured motorists claims could no longer be reduced by liability coverage from the other party. Proponents of the bill, including the association for trial lawyers, say that the current system, in which insurers can offset coverage, denies innocent car accident victims the full value of their own underinsured motorist insurance policy.

Kevin Gaffney
Vermont Insurance Commissioner

Another element of the bill that troubles insurers would limit subrogation of medical costs payable under medical payments coverage.

Insurers held out hope that lawmakers might revise the bill.

“It just doesn’t make any sense, it makes everything more expensive,” Whelan said. “They seem to be understanding and willing to take out the limit increase, but we’ve got more work to do with the other pieces.”

In an interview last week, **Kevin Gaffney**,

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

Line of Business	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	2012 Total Profit	Avg Total Profit
Personal Auto Liab	19.5	24.9	14.7	17.2	12.2	10.1	9.2	9.1	9.0	13.4	13.9
Personal Auto Phys	11.5	19.6	14.1	12.7	12.8	12.4	10.7	-7.3	7.9	10.6	10.5
Personal Auto Total	15.2	22.1	14.5	14.9	12.4	11.3	9.9	1.1	8.5	12.1	12.2
Comm. Auto Liab	36.0	24.5	17.5	7.7	15.5	25.3	15.0	7.3	21.7	9.6	18.0
Comm. Auto Phys	21.9	25.9	16.3	14.7	12.5	17.1	13.3	-18.3	7.8	9.6	12.1
Comm. Auto Total	30.8	25.1	17.1	10.2	14.4	22.5	14.5	-0.3	17.6	9.6	16.2
Total All Lines*	23.9	26.1	23.7	24.4	25.1	22.4	20.2	19.1	23.7	25.1	23.4

*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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commissioner of the **Vermont Department of Financial Regulation** (DFR), described the upward cost pressure the insurance industry is facing and noted that as part of DFR's mission of protecting consumers, regulators strive to ensure that drivers can afford insurance and don't opt to go uninsured. Vermont's uninsured rate is now roughly 8%, Gaffney said, lower than most states.

"That doesn't happen without staying focused on what impacts markets," he said.

In Vermont, like in every other state, auto insurance costs have been rising precipitously. Vermont's use-and-file system makes it easier to change rates than in other New England states, though regulators have been wary of insurers that file for a second rate increase before the previous rate increase has reached the policyholder.

"We're holding the filers in the industry to a rigor," Gaffney said. "We're trying to ensure

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Vermont Personal Auto Insurers

Groups Ranked by Total 2022 Direct Premium Written (000)

Group Name	2022 Premium	Mkt share 2022	Loss Ratio 2022	2021 Premium	Mkt share 2021	Loss Ratio 2021	2020 Premium	Mkt share 2020	Loss Ratio 2020
Progressive Corp.	$83,114	20.5%	68.6%	$77,521	19.5%	52.3%	$74,969	19.5%	42.6%
Berkshire Hathaway/Geico	$59,349	14.7%	83.2%	$60,902	15.3%	62.7%	$56,883	14.8%	56.8%
Liberty Mutual	$36,220	8.9%	56.1%	$35,097	8.8%	44.7%	$32,714	8.5%	40.6%
State Farm Mutual	$34,446	8.5%	83.4%	$29,951	7.6%	68.3%	$29,420	7.7%	47.0%
Allstate Corp.	$22,130	5.5%	62.1%	$21,655	5.5%	33.7%	$21,342	5.6%	33.8%
USAA Insurance Group	$20,835	5.2%	78.0%	$20,985	5.3%	62.4%	$20,524	5.3%	46.7%
Concord Group Insurance	$19,808	4.9%	62.7%	$20,614	5.2%	59.1%	$20,521	5.3%	46.4%
Vermont Mutual Insurance	$15,922	3.9%	63.6%	$16,078	4.1%	43.1%	$15,384	4.0%	38.8%
Patrons Co-op Fire Ins Co.	$15,721	3.9%	77.2%	$14,935	3.8%	61.7%	$15,090	3.9%	41.0%
Travelers Companies Inc.	$13,410	3.3%	63.3%	$13,349	3.4%	46.4%	$13,468	3.5%	39.6%
Nationwide Mutual Group	$9,004	2.2%	69.8%	$9,359	2.4%	49.9%	$9,459	2.5%	49.1%
Hartford Financial Services	$8,799	2.2%	59.4%	$9,584	2.4%	45.7%	$9,821	2.5%	29.3%
MMG Insurance Co.	$7,639	1.9%	78.6%	$7,630	1.9%	54.4%	$7,480	2.0%	47.7%
Farmers Insurance Group	$6,828	1.7%	48.7%	$6,803	1.7%	41.0%	$6,669	1.7%	31.1%
American Family Insurance Group	$6,089	1.5%	57.5%	$6,491	1.6%	93.0%	$6,422	1.7%	51.8%
Ohio Mutual Insurance Group	$5,861	1.5%	72.4%	$6,044	1.5%	56.1%	$6,120	1.6%	50.7%
Auto Club Exchange Group (SoCal)	$5,751	1.4%	68.4%	$5,500	1.4%	55.2%	$5,015	1.3%	58.0%
Union Mutual	$5,677	1.4%	71.9%	$5,645	1.4%	53.5%	$6,029	1.6%	38.6%
Amica Mutual Insurance Co.	$4,353	1.1%	60.1%	$4,413	1.1%	70.6%	$3,117	0.8%	-2.7%
Sentry Insurance Mutual	$2,814	0.7%	51.1%	$3,068	0.8%	57.7%	$3,681	1.0%	33.4%
Horace Mann Educators Corp.	$2,437	0.6%	61.8%	$2,369	0.6%	68.6%	$2,355	0.6%	24.1%
Mapfre	$2,369	0.6%	85.8%	$2,504	0.6%	77.2%	$2,696	0.7%	59.3%
Markel Corp.	$2,264	0.6%	54.8%	$1,693	0.4%	37.6%	$1,494	0.4%	22.0%
American National Insurance	$2,244	0.6%	93.3%	$2,180	0.6%	60.1%	$2,040	0.5%	38.7%
Statewide Totals	$404,902		70.2%	$396,897		55.2%	$384,542		44.3%

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: VERMONT

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that there's a reasonable cadence to these rate filings so that consumers are not seeing multiple changes."

According to an analysis by the actuarial firm **Milliman**, DFR took an average of 143 days to approve auto rate filings in 2023, up from 115 in 2022 and 67 in 2019. Gaffney cited increasingly complex filings, including the use of trend data from varying sources that can sometimes produce skewed results. DFR is in the process of updating its SERFF filing checklist to help filers provide more robust documentation, Gaffney said.

Regulators are looking at the use of artificial intelligence by insurance carriers, and Gaffney said he plans to issue a bulletin on AI similar to the model bulletin adopted in December by the **National Association of Insurance Commissioners** (NAIC), but with changes to reflect Vermont laws, as Connecticut, Alaska and New Hampshire have done.

Frank O'Brien
APCIA

DFR is also looking into using AI to increase efficiency in reviewing filings. Delays in reviewing filings can sometimes frustrate insurers, "but at the end of the day, one of the things I can say about the department is that they've always been willing to talk and listen," said **Frank O'Brien**, vice president of state government relations at APCIA.

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Vermont Commercial Auto Insurers

Groups Ranked by Total 2022 Direct Premium Written (000)

Group Name	2022 Premium	Mkt share 2022	Loss Ratio 2022	2021 Premium	Mkt share 2021	Loss Ratio 2021	2020 Premium	Mkt share 2020	Loss Ratio 2020
Progressive Corp.	$12,560	13.4%	32.5%	$11,600	13.1%	58.4%	$10,703	13.0%	57.6%
W. R. Berkley Corp.	$11,816	12.6%	59.1%	$11,013	12.4%	38.4%	$10,081	12.2%	34.2%
Liberty Mutual	$7,703	8.2%	62.4%	$6,789	7.7%	44.6%	$7,070	8.6%	49.0%
Travelers Companies Inc.	$6,285	6.7%	60.1%	$6,541	7.4%	41.5%	$5,134	6.2%	31.1%
MMG Insurance Co.	$4,875	5.2%	62.4%	$4,543	5.1%	35.0%	$4,351	5.3%	30.6%
Nationwide Mutual Group	$4,176	4.5%	84.9%	$4,342	4.9%	46.6%	$4,152	5.0%	50.9%
Cincinnati Financial Corp.	$3,838	4.1%	59.3%	$4,005	4.5%	23.9%	$3,556	4.3%	21.2%
Frankenmuth Insurance	$3,287	3.5%	56.5%	$3,136	3.5%	35.0%	$2,840	3.4%	93.2%
Zurich Insurance Group	$2,439	2.6%	44.4%	$2,440	2.8%	-3.3%	$4,341	5.3%	17.7%
Concord Group Insurance	$2,217	2.4%	55.7%	$2,091	2.4%	29.7%	$1,714	2.1%	34.0%
American National Insurance	$2,200	2.4%	51.6%	$2,013	2.3%	33.7%	$1,890	2.3%	28.5%
Berkshire Hathaway Inc.	$2,194	2.3%	42.1%	$2,525	2.9%	48.8%	$2,095	2.5%	14.5%
American Family Insurance	$2,034	2.2%	190.9%	$1,971	2.2%	44.2%	$1,904	2.3%	41.7%
Ohio Mutual Insurance Group	$1,993	2.1%	48.3%	$1,703	1.9%	42.4%	$1,461	1.8%	126.8%
Sentry Insurance Mutual	$1,978	2.1%	93.8%	$1,328	1.5%	43.7%	$1,112	1.4%	37.0%
Hanover Insurance Group	$1,913	2.0%	45.8%	$1,946	2.2%	13.4%	$1,670	2.0%	8.0%
Statewide Totals	$93,559		57.8%	$88,697		37.2%	$82,636		42.9%

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: VERMONT

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The top 10 personal auto insurance groups in the Green Mountain State increased rates an average 13.7%, according to RateWatch from **S&P Global Market Intelligence**.

Concord General, part of **Auto-Owners Group**, is increasing rates an average 15.0% for renewals beginning next month after raising rates 26.6% last year. Other large rate increases in 2023 came from No. 2 **Geico**, with a 21.4% hike, and No. 3 **Liberty Mutual Group**, with an average 21.8% increase. **Progressive**, the state's No. 1 writer with more than 20% of statewide premium, increased its rates by 10.6% last year after an 11.5% increase in 2022. No. 4 **State Farm's** 15.0% increase last year came on top of a 14.7% hike in 2022.

Even with increasing rates, Vermont is still one of the most affordable states for auto insurance, ranking 41st on our most recent PAIN Index, which compares the average auto insurance expenditure in Vermont in 2020 to average household income as a gauge of affordability.

Even so, affordability is in the eye of the beholder.

"It's affordable when compared to other states, but when you're sitting in rural Vermont, and you've seen your auto insurance premiums – as well as the other things that you pay for – going up, affordability is a relative thing," O'Brien said.

A key factor in rising auto insurance rates is the cost of auto repairs, which are under pressure from body shops pushing for higher labor rates and limits on the use of aftermarket crash parts.

Last year, amid debate over a lengthy omnibus insurance and banking bill, Vermont legislators approved a DFR study into automotive labor rates, aftermarket parts and market conditions. Whalen, of NAMIC, successfully urged lawmakers to include the insurance industry as stake-

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Vermont Snapshot

Regulator: Department of Financial Regulation
Commissioner Kevin Gaffney
Rate regulation: use and file
Average rate approval time (2023): 143 days; U.S. average: 64

Size of personal auto market: $404.9 million (2022 DPW) Rank: 50th
Average policy expenditure: $786 (2020)
Rank: 41st
Auto Insurance Report PAIN Index rank: 41st (2020)
Property Insurance Report HURT Index rank: 34th (2021)

Auto registrations: 173,057 (2022)
Truck registrations: 417,728 (2022)
Vehicle miles traveled (VMT): 6.63 billion (2021)
Traffic fatalities: 1.12 per 100 million VMT; U.S.: 1.37 (2021)
Vehicle thefts: 93.5 per 100,000 residents; Region: 121.1 (2022)

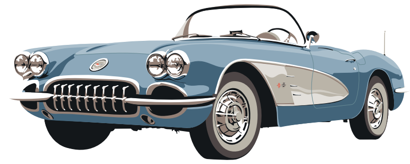
Liability defense: modified comparative fault, 51% bar

Minimum Insurance Requirements:
BI: $25,000/$50,000 • PD: $10,000 • UM/UIM: $50,000/$100,000

Safety Laws
Ban on holding electronic devices while driving; cell phone ban for novice drivers
Secondary enforcement seat belt law
Motorcycle helmets required for all riders

Demographics
Population: 647,464 (2023)
Change 2010-2020: +2.8%, U.S.: +7.4%
Median household income (avg. 2018-2022): $74,014; U.S.: $75,149
Population density: 69.8 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



AUTO INSURANCE REPORT

April 14-16, 2024

Waldorf Astoria Monarch Beach Resort Dana Point, California

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Identifying Driving Behavior in the Post-Covid Speeding Frenzy
Gary Hallgren, President, Arity
Drivers started speeding on pandemic-cleared roadways and have never slowed down. We'll take a close look at current driving behavior and discuss how to measure this new risk for potential customers.

Driving Blind: How Relying on DMV Records Alone Leaves Insurers at Risk
Nicole Carengelo, Principal, U.S. Insurance Solutions, TransUnion
Covid-19 may have wreaked havoc on the value of driving records, as police reduced enforcement, but data from departments of motor vehicles was already deeply flawed. A close look at how to solve the problem.

The Great Marketing Freeze is Over. Now What?
Ethan Jones, Senior Vice President, Insurance, Kisterra
The auto insurance market profit collapse of 2022 and 2023 shut down marketing, but spending is beginning anew with newfound stability. But the world has changed, and marketing must change with it.

As Marketing Splinters, Franchises Rise
Lauren Menuey, Managing Director, Goosehead Insurance Agency
Independent agents were recently dismissed as a way to sell personal auto. But the channel has evolved into new structures that are gaining traction, none more so than big franchises. We hear from the biggest.

How to Be Smart With Artificial Intelligence
Brian Sullivan, Editor, Auto Insurance Report; Tim Christ, Associate Director, CCC Intelligent Solutions
The overheated hype around artificial intelligence has grown into hysteria, but a measured look at some new AI-powered tools finds their value in very specific insurance solutions.

The Future of Automated Accident Reporting
Josh Thompson, Senior Vice President, General Motors Insurance
No automaker is more closely connected to auto insurance than General Motors, so it makes sense that GM is leading the way in automated accident reporting, with an eye toward safety and better insurance claims.

Taking Action: Using Modern Data Tools to Measure Fairness in Insurance
Adrian Cuc, Senior Vice President and Head of Analytics, Verisk
In the past four years insurers have been working to answer questions about potential bias in their operations. In this session we go beyond talk to consider the launch of new tools to measure bias.

Fraudsters Are Using Artificial Intelligence. Insurers Must Respond in Kind
Dan Donovan, Vice President, Shift Technology
Insurance thieves are smart, often smarter than insurers, so it is no surprise they are using artificial intelligence to penetrate insurance systems to steal money. The only solution is for insurers to embrace an AI response.

Making Sense of Nonstandard Auto in a Stabilizing Market
Joe Skruck, Co-Founder, AssuranceAmerica; Paul Harrison, President, Aspen Managing General Agency; Josh Schlesinger, Executive Vice President, Links Insurance Services
Conference Chair Pat Sullivan will moderate a lively discussion on the nonstandard market in the post pandemic era, with a particular focus on the changing customer, marketing challenges and claims.

After Three Years of Turmoil, Now is the Time to Reconsider Renewing Customer Risk
Adam Pichon, Vice President and General Manager, Personal Lines Insurance, LexisNexis Risk Solutions
Life has profoundly changed for almost everyone after the pandemic, with new driving patterns and behaviors. As the profit crisis eases, it is time for insurers to carefully reconsider renewing customer risk.

Helping the Federal Government Use Driving Data to Improve Safety
Ryan Smith, Transportation Research Analyst, National Transportation Safety Board (invited);
Tara Casanova-Powell, Association of Transportation Safety Information Professionals
Ryan McMahon, Senior Vice President, Strategy, Cambridge Mobile Telematics
The federal government makes extraordinarily important decisions on road design and safety, and has long based its decisions on academic studies. How can those decisions be enhanced by current driving data?

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holders in the process.

The study, now in the information-gathering phase, will examine body shop average hourly rates, to what extent insurance companies control or influence repair work, the number of insurance complaints received by DFR, and the disclosures insurance companies make to consumers, among other topics. A final report from Gaffney is expected to be presented to lawmakers on or before Nov. 15.

"I think what will come of it is that it is a competitive market," O'Brien said. "And it's also an industry in transition. Today's cars are a lot more expensive to repair and [repair shops] require a lot more capital investment. … And when change happens, sometimes folks don't like it very much and look to others to blame."

DFR is also in the process of evaluating the results of a data call for claims that resulted from catastrophic flooding that occurred in July. Gaffney said the data is in the final stages of review, but it's clear the flooding caused an increase in claims across multiple lines.

After the floods, DFR posted resource information on its website to help residents navigate the claims filing process.

"The likelihood of flood events is not equal to the moniker of '1,000-year events,'" Gaffney said. "There's a greater likelihood that we will experience some severe flooding event in our lifetimes. We want to make sure that Vermonters are aware of what's available to them, both in terms of flood insurance and auto insurance."

In 2022, Vermont changed its law to allow insurers to offer value-added products and services to consumers without violating anti-rebating statutes. Gaffney issued a bulletin last June specifying that within 10 days of offering a product or service, insurers must file a description of the value-added product or service, as well as documentation. "Filings are required for each type of product or service offered, not for each insured to whom a product or service is offered," Gaffney wrote in the bulletin.

O'Brien said that after some confusion early on, insurers are now taking advantage of the opportunity. "The department has seen about 100 or so filings, maybe more, most of them have been on the property side," O'Brien said.

Gaffney cited examples of auto insurers that have offered value-added products for those who drive hybrid vehicles and drivers who use telematics.

As telematics programs have matured, Gaffney is seeing more carriers increase rates based on driving behavior as opposed to only offering discounts for good driving behavior.

"That's an evolution of starting with a discount to incentivize people to get feedback on their driving behavior and hopefully improve that behavior, and therefore lower their insurance costs," Gaffney said. "But also, to ultimately have a price that's reflective of the risk." AIR

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