AUTO INSURANCE REPORT

The Authority on Insuring Personal and Commercial Vehicles

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Progressive's Growth And Profit Crush the Competition

Progressive continues to overwhelm the competition in personal auto insurance. In the first quarter, its written premium grew 20.2%, compared to the 5.7% industry total, according to new data from **S&P Global Market Intelligence**. The nation's second-largest auto insurer accomplished this while posting an admirable 58.2% incurred loss ratio.

Progressive's $16.90 billion in first-quarter personal auto written premium was just 3.8% less than No. 1 **State Farm's** $17.56 billion, a sign that it is fast on the heels of the giant. For the 12-month period ended March 31, Progressive generated 10.9% less premium than State Farm. For the full year 2024, Progressive was 13.9% smaller.

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Insurers Will Need to Work Hard To Win Back High-Value Drivers

Price may bring auto insurance customers in the door, but service keeps them happy, and carriers have work to do satisfying the best policyholders after the wave of rate increases, according to the 2025 J.D. Power Auto Insurance Study.

As rate hikes have cooled and carriers seek growth, auto coverage is a buyer's market, and more than one-third of policyholders are unsatisfied and up for grabs. In particular, the typically stable high-value customers that generate the most premium are at risk of poaching, according to J.D. Power.

The survey found that the policyholders least likely to renew with their existing insurers are those with higher overall lifetime value profiles. These customers pay large annual premiums for several bundled policies and have long tenures with their current insurer, among other attractive attributes. Just 51% of high-value lifetime customers said they "definitely will" renew with their insurer, lower

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Vermont Captivates Insurers With Stability and Profitability

Tourists may flock to **Vermont** for its verdant summer landscapes, eye-popping fall foliage, charming towns and freshly tapped maple syrup.

Insurers find the Green Mountain State attractive for other reasons.

A pioneer and influential leader in the global captive insurance industry, Vermont is recognized for its consistently balanced regulatory approach – even with recent changes in leadership; prohibitions on some common rating factors like education and occupation; and a new, more restrictive rating law. With last month's passage of House Bill 137, insurers will have to file rates at least 30 days before putting them into effect as of July 1. Until the change, insurers have had the ability to use new rates and then submit a filing within 15 days.

The new law makes it easier for regulators to scrutinize

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***Q1 RESULTS** Continued from Page 1*

It would not be a big surprise if Progressive were to pass State Farm in an upcoming quarter, or even for the full year 2025 – a seismic change in a personal auto insurance industry that State Farm has dominated for more than 75 years.

The 5.7% increase in industrywide personal auto direct written premium in the first quarter of 2025 compared to a year earlier marked the slowest growth since the declines during the 2020 pandemic. Premiums had increased 8.7% in the fourth quarter of 2024 over the same period in 2023, 12.2% in the third quarter, 15.0% in the second quarter, and 15.8% in the year-ago first quarter. Enjoying the benefit of prior period rate increases, earned premium rose 8.7% in the first quarter of 2025, surpassing the written premium growth.

Fortunately, direct losses incurred were essentially flat (down 0.04%) in the first quarter of 2025, following a 1.2% drop in the fourth quarter of 2024 and a 0.7% decline in the third quarter. Even before those declines, incurred losses had barely grown, up just 1.4% in the 2024 second quarter and 1.8% in the first quarter.

Thanks to the happy confluence of rising premium and falling claims, the incurred loss ratio improved to 61.3% in the first quarter, a steady recovery from 66.7% a year ago and 76.1% in the same quarter of 2023.

Premium growth was slower in the first quarter than in any period since the pandemic-fueled declines of 2020.

One of the more striking developments of the first quarter was the substantial loss of market share by many of the largest personal auto insurers. Eight of the 10 largest auto insurers lost market share in the first quarter, with only Progressive and the **Southern California Auto Club** gaining share. This is not new, as only State Farm joined those two in growing share for the full year of 2024.

Personal Auto First-Quarter 2025 Results

Group	Direct Premiums Written (000)		Incurred Loss Ratio %	
	Q1 2025	YOY Change	Q1 2025	Q1 2024
State Farm Mutual	$17,558,133	5.2%	66.66	77.66
Progressive Corp.	$16,896,878	20.2%	58.16	58.72
Berkshire Hathaway/Geico	$11,023,323	3.9%	63.32	66.66
Allstate Corp.	$9,504,589	5.1%	62.60	67.33
USAA Insurance Group	$5,902,894	4.4%	63.94	66.80
Farmers Insurance Group	$3,369,598	-3.6%	52.44	55.25
Liberty Mutual	$2,650,030	-15.4%	53.59	65.03
Travelers Companies Inc.	$1,715,185	2.3%	51.53	61.35
Auto Club Exchange Group (SoCal)	$1,784,528	10.2%	73.28	77.05
American Family Insurance Group	$1,494,964	-5.0%	57.35	66.66
Industry Total	**$93,428,174**	**5.7%**	**61.33**	**66.67**

Source: S&P Global Market Intelligence

State Farm's premium growth took a step back in the first quarter to 5.2%, leaving it with an 18.8% market share in the first quarter after gaining a modest amount of market share to 19.1% in 2024. The first-quarter loss ratio improved significantly, dropping to 66.7% from 77.7% a year earlier, potentially allowing State Farm to restart its growth engine and hold off Progressive.

Geico once had ambitions to catch State Farm, but it continues to retrench, with only 3.9% premium growth in the first quarter to $11.02 billion, far off the pace of the two leaders. That slow growth is soothed by a 63.2% first-quarter incurred loss ratio that is much improved from 66.7% a year earlier and 76.7% in the same period of 2023. With among the industry's lowest expense ratios, Geico is now solidly profitable, and like State Farm, it is able to test the growth waters, though its ability to attract new customers in its new pricing structure remains to be seen.

Allstate has been voicing confidence in its growth prospects, but first-quarter premium growth remained below the industry average, at 5.1%. The company retains its profile of market

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***Q1 RESULTS** Continued from Page 2*

share stability with strong profits.

USAA, which had more profit problems than most, has made significant progress. Premium grew just 4.4%, but incurred losses grew just 1.8% in the first quarter after falling 8.3% in the fourth quarter of 2024, 2.2% in the third quarter, 0.5% in the second quarter and 2.4% in the year-ago first quarter. The result is a 62.6% first-quarter incurred loss ratio that signals a return to underwriting health for another of the industry's low-cost operators after the 66.8% incurred loss ratio of the first quarter of 2024 and a painful 83.3% in the same period of 2023.

Farmers continues a long pattern of shrinking its way to profitability, with a 3.6% decline in first-quarter written premium and an enviable 57.6% incurred loss ratio. Several years ago, we questioned just how long Farmers could maintain this pattern, and now it appears it can do so for a very long time.

Liberty Mutual has indicated that it is pleased with the results of its re-underwriting program to improve profitability, but it continued to shed business in the first quarter. Personal auto written premium fell 15.4%, a decline that even a 52.4% incurred loss ratio cannot sooth. New leadership has its work cut out for it as it seeks to stabilize a newly priced book of business.

Travelers fits the pattern of numerous large personal auto insurers, with premiums rising only a modest 2.3% while the loss ratio of 51.5% feeds a strong bottom line.

The South California Auto Club's 10.2% premium growth is likely due to tumult in the **California** insurance markets that is scaring away many competitors. The 73.3% incurred loss ratio is hardly attractive, but it does represent an improvement over prior periods.

As **American Family** adjusted to life without **The General**, its nonstandard operation now owned by **Sentry**, it suffered a premium decline of 5.0% while its loss ratio improved to 57.4% in the first quarter from 66.7% a year earlier. AIR

***SATISFACTION** Continued from Page 1*

than medium-value lifetime customers (53%) and low-value lifetime customers (54%). Insurers count on customers with high lifetime value to renew. But the new survey results, combined with J.D. Power's recent shopping study, show that they are not only potentially less loyal now than lower-value customers, but insurers are not doing enough to identify and retain them.

Insurance shopping studies from **TransUnion** similarly showed that traditionally sticky policyholders with the best credit-based insurance scores led shopping activity following the onslaught of rate increases. (AIR 11/25/24)

Insurers "want to grow with the high- and medium lifetime value customers," said **Stephen Crewdson**, managing director of insurance business intelligence for J.D. Power. "To grow, you have to acquire them in the first place, but then letting them walk away after the first renewal doesn't do anything to fuel your growth."

Stephen Crewdson
J.D. Power

J.D. Power places about 15% of auto insurance customers in the high-value category, and it found that about one-third of that pool is unsatisfied and ready to switch. Rate increases played an obvious role with dissatisfaction.

"That's not a great thing for auto insurers, that's the type of customer they most want to retain," Crewdson said. "The market might see some churn with high-value customers in the near term, because they're not happy."

The good news for auto insurers is that the survey identified some simple communication

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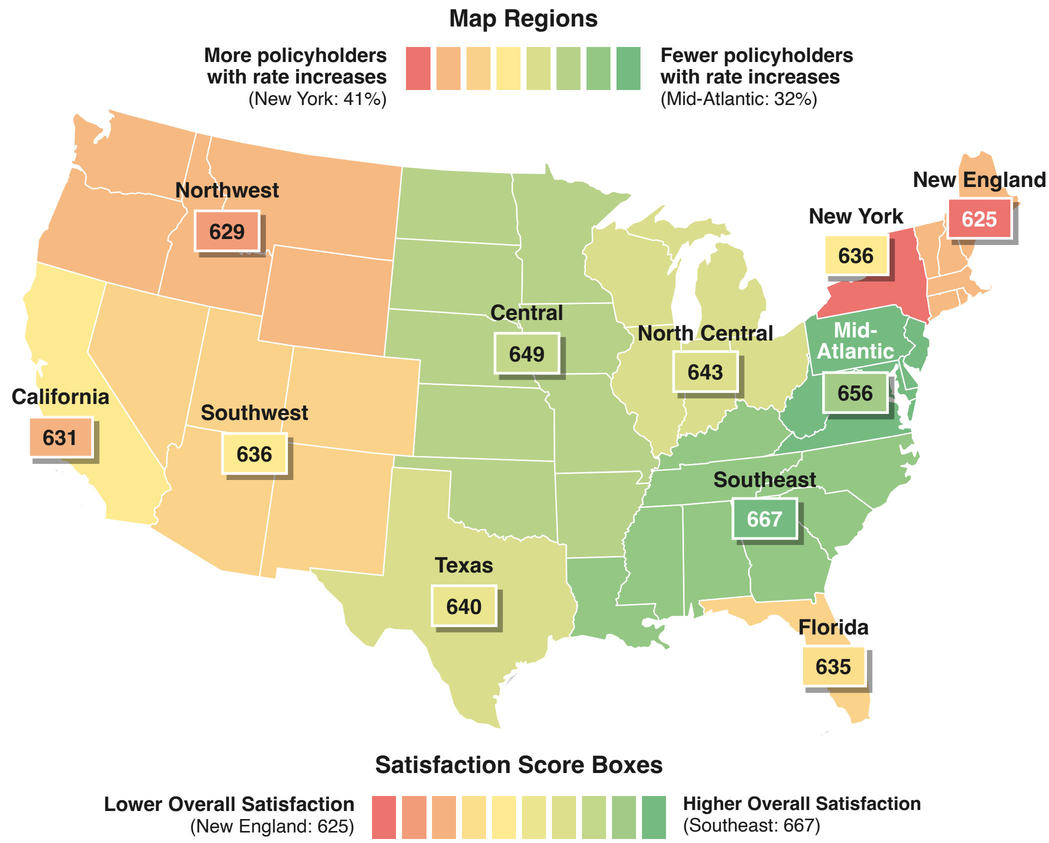
Regions With Widespread Rate Hikes Have Lower Satisfaction Scores



Source: 2025 J.D. Power U.S. Auto Insurance Study

SATISFACTION *Continued from Page 3*

and customer service efforts that improved satisfaction. Call center reps that thanked policyholders for their business had a surprisingly strong and positive impact on customer satisfaction, for example.

Communication was a dealmaker or deal breaker for customers who have seen their rates increase. Just 40% of consumers with a rate increase said they would renew, compared to 64% of those who said they did not have a premium increase. When consumers who did get an increase said they understood why their premium went up and understood their policy coverages, their intent to renew increased to 63%, nearly on par with those who had no increase.

The 2025 U.S. Auto Insurance Study is based on responses from 48,121 auto insurance customers surveyed from May 2024 through April 2025. It builds upon research in J.D. Power's recent annual shopping survey that showed who was shopping and why to analyze how carriers can satisfy and retain the most valuable policyholders as they boost growth efforts. The shopping report showed that a record 57% of policyholders shopped for auto insurance in the last year, surpassing the previous record of 49% set in the 2024 study. (AIR 05/12/25)

The 2025 U.S. Auto Insurance Study measures customer satisfaction with auto insurers based on performance in seven categories on a poor-to-perfect rating scale. The categories, in order of importance, are level of trust, price for

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coverage, people, ease of doing business, product/coverage offerings, problem resolution and digital channels.

The survey found that a "seamless" experience across communication channels – from online to agent to call center – is the most important driver of overall satisfaction among auto insurance customers. Customers don't want to repeat information, and they don't want to struggle to find answers, including how they are supposed to reach their carrier in the first place.

When policyholders told J.D. Power that insurers provided seamless cross-channel communication, they were more likely to have higher levels of trust in their insurer, they felt better about the carrier's employees or agents, and they felt like it was easier to work with their insurer.

Policyholders are quickly frustrated when they do not know how to contact their insurer efficiently, or when they do not receive prompt communication. If they contact their insurer online and don't receive an answer, if the agent does not call them back or if the call center bounces them around from one representative to another, satisfaction plummets, and so

> ***A seamless experience across communication channels is the most significant driver of overall satisfaction.***

does their likelihood of renewing. Just 26% of policyholders who didn't think their carrier provided seamless communication across channels said they would definitely renew, compared with 40% who "somewhat agreed" that they had a seamless experience, and 80% for those who "strongly agreed" that their insurer provided a seamless experience.

The report showed that customers who regularly interacted with their insurer across multiple channels reported higher communication satisfaction, especially if one of those channels was the insurer's mobile app. It also underscored how important it is that agents can answer policyholder questions and provide the service they're looking for.

Highest-Ranking Auto Insurers And Satisfaction Scores by Region

California:	Auto Club of Southern California (676)
Central:	Shelter (673)
Florida:	Allstate (660) and Geico (660)
Mid-Atlantic:	NJM Insurance Co. (721)
New England:	Amica (735)
New York:	New York Central Mutual (652)
North Central:	Erie Insurance (684)
Northwest:	State Farm (648)
Southeast:	Erie Insurance (718)
Southwest:	CSAA Insurance Group (676)
Texas:	Nationwide (657)

Source: J.D. Power. Scores are on a 1,000-point scale.

Policyholders who started in one channel but eventually ended with their agent saw the smallest drop in satisfaction among those who used more than one channel. Those who ended up at a call center, but who didn't start there, saw the biggest drop.

"The take home is start at your agent, or let them finish there," Crewdson said. "If they start somewhere else and get to the agent, it's still OK. If they start somewhere else and get to the contact center – not as OK."

When customers did end up at the call center, the employees who simply thanked them for their business had a big impact on satisfaction, as did providing clear information about their existing policy. About 57% of customers who remembered being thanked for their business reported

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that they would "definitely" renew, compared with 26% of those who didn't know and just 19% who said they were not thanked.

The satisfaction data highlights opportunities for carriers looking to scoop up some of those unsatisfied customers who faced rate increases. Regions with lower satisfaction scores after rate hikes – including both East and West coasts – also include a higher portion of high-value customers and present a target for carriers looking to grow with those consumers.

The study broke the map into 11 regions, some consisting of only a single large state. It named the insurers with the best satisfaction scores in each geography who may have an opportunity for positive retention and growth. (See chart on page 5.)

Nationwide had the highest satisfaction score among customers enrolled in usage-based insurance programs.

J.D. Power's consumer surveys have found that insurance companies with higher satisfaction scores have not only higher retention rates, but better performance across nearly every financial metric, Crewdson said.

"We found that with every rock we flipped over in terms of insurer financials, that performance got better if they were a higher-satisfaction company than if they were a lower-satisfaction company – so lower acquisition cost, better growth in premiums and in [policy] count, better growth in their share price, if they're a stock company." AIR

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and challenge rate filings without risking a potentially costly disruption for insurers and consumers. The change codifies a practice that many insurers already follow, and it aligns Vermont's rating law with other New England states, Deputy Insurance Commissioner **Mary Block** said in an interview. According to an analysis by **Milliman**, it took an average 111 days for regulators to approve rate filings last year, compared to the countrywide average of 69 days. Block said she didn't anticipate any problems reviewing rate filings within the 30-day timeline before they are deemed approved under the new law. The **Department of Financial Regulation** was hiring a property/casualty actuary to help manage the consulting actuaries who review filings.

Mary Block
Vermont Deputy Insurance Commissioner

Among the nation's smallest markets with just $501.5 million in statewide personal auto premium last year, Vermont delivers strong returns. Its average annual profit margin of 11.1% for the decade ended 2023 was third highest in the nation and more than double the 4.5% countrywide average. At the same time, Vermont drivers pay among the lowest auto insurance premiums. (AIR 8/5/24) Low costs contribute to the low rate of uninsured drivers (11.8%) and underinsured drivers (6.6%), according to 2023 data from the **Insurance Research Council**.

An insurance executive also noted that Vermont has a low incidence of claims fraud and a strong record when it comes to highway safety.

"I think it makes for a more stable insurance environment, allowing for more predictable kind of underwriting results," the executive said. "Insurers benefit from that more favorable risk pool, and that helps in maintaining fairly affordable premiums and coverage for policyholders."

For all of Vermont's positive attributes, insurers can't ignore the increasing frequency of devastating floods, which have poured down the Green Mountains and overflowed the state's

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meandering rivers and creeks. Regulators are still tallying claims data from last summer's floods, but heavy rains and flooding in the summer of 2023, including a record-setting event in July, cost insurers $9.8 million for personal auto claims and $3.9 million for commercial auto claims, according to the results of DFR's data call. For all lines, the total paid loss was $109.1 million, the largest share (37.2%) from the coffers of the **National Flood Insurance Program**.

> ***Severe flooding has put a dent in physical damage profits in Vermont, but liability results more than compensate.***

"There were quite a few auto claims, and our insurers did a great job of processing those claims," Block said. "We provided them with some guidance in the form of bulletins and some relief with respect to catastrophe appraisers and adjusters, so that they could bring in appraisers and adjusters from other states to help process claims. Their response times were fantastic."

The combination of a major storm right before Christmas 2022 and flooding in 2023 put a big dent in Vermont's results for personal auto physical damage coverage. Even with severe floods in 2024, the physical damage loss ratio recovered to 62.2% last year from 73.1% in 2023 and 73.0% in 2022. Last year's result, while much improved, was still worse than the countrywide average loss ratio of 59.9% for physical damage. (AIR 6/16/25) The liability loss ratio, while below-par for Vermont, performed far better than the national average, coming in at 64.1% in 2024 vs. 70.9% countrywide, 67.6% in 2023 (75.8% countrywide) and 66.6% in 2022 (78.4% countrywide).

Insurers feared that the liability results would worsen if lawmakers passed Senate Bill 7, changing the state law regarding how underinsured motorist (UIM) claims are paid. To their relief, after the bill passed the Senate, it did not move in the House. Insurers argued that the bill

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

Line of Business	2023 Total Profit	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	Avg Total Profit
Personal Auto Liab	11.7	7.0	19.5	24.9	14.7	17.2	12.2	10.1	9.2	9.1	13.3
Personal Auto Phys	2.5	0.3	11.5	19.6	14.1	12.7	12.8	12.4	10.7	-7.3	9.5
Personal Auto Total	6.5	3.3	15.2	22.1	14.5	14.9	12.4	11.3	9.9	1.1	11.3
Comm. Auto Liab	32.5	15.8	36.0	24.5	17.5	7.7	15.5	25.3	15.0	7.3	18.6
Comm. Auto Phys	2.1	6.7	21.9	25.9	16.3	14.7	12.5	17.1	13.3	-18.3	11.8
Comm. Auto Total	21.2	12.3	30.8	25.1	17.1	10.2	14.4	22.5	14.5	-0.3	16.4
Total All Lines*	12.4	15.4	23.9	26.1	23.7	24.4	25.1	22.4	20.2	19.1	22.4

*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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would increase UIM losses and premiums.

Current law enables insurers to reduce the amount paid for UIM claims by the at-fault driver's liability limit. The bill would have eliminated the offset, prohibiting insurers from deducting from the UIM coverage available to the policyholder any payments received from the negligent driver's liability limits. The bill also would have limited an insurer's subrogation rights under medical payments coverage.

In written testimony, **Jonathan Schreiber**, associate vice president for state government relations with the **American Property Casualty Insurance Association** (APCIA), said that the bill represented "a solution looking for a problem," since Vermont has among the lowest rates of uninsured and underinsured drivers in the country.

"While this would increase the amount that some individuals would recover, it is also likely to increase losses overall,

Jonathan Schreiber
APCIA

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Vermont
Personal Auto Insurers

Groups Ranked by Total 2024 Direct Premium Written (000)

Group Name	2024 Premium	Mkt share 2024	Loss Ratio 2024	2023 Premium	Mkt share 2023	Loss Ratio 2023	2022 Premium	Mkt share 2022	Loss Ratio 2022
Progressive Corp.	$115,913	23.1%	63.6%	$99,642	22.0%	69.3%	$83,114	20.5%	68.6%
Berkshire Hathaway/Geico	$71,057	14.2%	55.3%	$66,718	14.7%	73.8%	$59,349	14.7%	83.2%
State Farm Mutual	$53,181	10.6%	73.1%	$44,166	9.7%	73.1%	$34,446	8.5%	83.4%
Liberty Mutual	$35,101	7.0%	50.4%	$37,537	8.3%	60.7%	$36,220	8.9%	56.1%
Allstate Corp.	$28,979	5.8%	53.4%	$24,704	5.4%	71.5%	$22,130	5.5%	62.1%
USAA Insurance Group	$24,503	4.9%	81.2%	$22,308	4.9%	83.7%	$20,835	5.2%	78.0%
Concord Group Insurance	$23,955	4.8%	62.0%	$21,596	4.8%	69.1%	$19,808	4.9%	62.7%
Vermont Mutual Insurance	$20,457	4.1%	65.8%	$17,409	3.8%	62.3%	$15,922	3.9%	63.6%
Patrons Co-op Fire Insurance Co.	$19,472	3.9%	86.9%	$17,508	3.9%	78.6%	$15,721	3.9%	77.2%
Travelers Companies Inc.	$15,807	3.2%	53.6%	$14,627	3.2%	60.0%	$13,410	3.3%	63.3%
Hartford Financial Services	$8,713	1.7%	57.0%	$8,748	1.9%	68.5%	$8,799	2.2%	59.4%
Nationwide Mutual Group	$8,398	1.7%	60.5%	$8,846	2.0%	70.3%	$9,004	2.2%	69.8%
MMG Insurance Co.	$8,378	1.7%	80.3%	$7,975	1.8%	72.8%	$7,639	1.9%	78.6%
Auto Club Exchange Group (SoCal)	$7,415	1.5%	53.5%	$6,768	1.5%	56.6%	$5,751	1.4%	68.4%
Farmers Insurance Group	$7,256	1.5%	57.6%	$6,970	1.5%	45.3%	$6,828	1.7%	48.7%
Union Mutual Companies	$6,932	1.4%	80.8%	$6,104	1.3%	78.0%	$5,677	1.4%	71.9%
Ohio Mutual Insurance Group	$6,696	1.3%	61.4%	$6,232	1.4%	80.0%	$5,861	1.5%	72.4%
Amica Mutual Insurance Co.	$5,915	1.2%	54.3%	$5,061	1.1%	58.4%	$4,353	1.1%	60.1%
American Family Insurance Group	$5,620	1.1%	64.3%	$5,133	1.1%	100.1%	$4,675	1.2%	57.6%
Sentry Insurance Mutual	$4,516	0.9%	53.7%	$4,423	1.0%	73.4%	$4,228	1.0%	53.0%
Statewide Totals	$501,485		63.0%	$453,936		70.8%	$404,902		70.2%

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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which could in turn make underinsured motorist coverage more expensive," he wrote. "Very few Vermont drivers stand to benefit from this proposal. Yet it still comes with a potentially significant cost, when a far simpler remedy, purchasing higher limits, is available to Vermont drivers today."

Citing 2020 data from the **National Association of Insurance Commissioners** (NAIC), Schreiber reported that states that follow the "damages" model in SB 7 have loss costs that are 68% higher than "limits" states like Vermont.

"And that's only part of the story," he added. Under the bill, insurers would be subject to potential claims for UIM coverage in every accident. "That means for every accident they would need to open a claim file, perform an investigation and make a determination of their exposure."

When a similar bill (SB 150) was considered last year, former DFR Commissioner **Kevin Gaffney**, who retired at the start of this year, told lawmakers about his concern that it could push up rates. The initial version of that bill also would have doubled the minimum limits for the mandatory UM/UIM coverage from $50,000 per person and $100,000 per accident to $100,000/$200,000.

"There's a misperception about what people are paying for with that premium for UIM coverage, that they're paying for that full value," Block said. In fact, insurers set the premium based on the risk "of whether they'll have to pay out the entire amount or if will be offset by another policy," she added. "If the definition changes and the

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Vermont Commercial Auto Insurers

Groups Ranked by Total 2024 Direct Premium Written (000)

Group Name	2024 Premium	Mkt share 2024	Loss Ratio 2024	2023 Premium	Mkt share 2023	Loss Ratio 2023	2022 Premium	Mkt share 2022	Loss Ratio 2022
Progressive Corp.	$14,699	13.1%	66.1%	$12,786	12.7%	44.0%	$12,560	13.4%	32.5%
W. R. Berkley Corp.	$14,052	12.5%	39.4%	$12,299	12.2%	46.8%	$11,816	12.6%	59.1%
Liberty Mutual	$7,959	7.1%	54.0%	$7,687	7.6%	51.3%	$7,703	8.2%	62.4%
Travelers Companies Inc.	$7,195	6.4%	76.0%	$8,188	8.1%	50.1%	$6,285	6.7%	60.1%
MMG Insurance Co.	$6,045	5.4%	31.7%	$5,261	5.2%	72.1%	$4,875	5.2%	62.4%
Cincinnati Financial Corp.	$4,559	4.1%	47.4%	$4,054	4.0%	83.1%	$3,838	4.1%	59.3%
Frankenmuth Insurance	$3,562	3.2%	45.7%	$3,353	3.3%	80.4%	$3,287	3.5%	56.5%
Berkshire Hathaway Inc.	$3,302	2.9%	57.9%	$2,342	2.3%	32.0%	$2,194	2.3%	42.1%
Nationwide Mutual Group	$3,278	2.9%	31.8%	$3,780	3.7%	66.7%	$4,176	4.5%	84.9%
Concord Group Insurance	$3,205	2.8%	97.6%	$2,533	2.5%	50.5%	$2,217	2.4%	55.7%
American International Group	$2,942	2.6%	53.2%	$2,026	2.0%	23.0%	$1,210	1.3%	43.9%
Zurich Insurance Group	$2,888	2.6%	124.6%	$2,677	2.7%	64.8%	$2,439	2.6%	44.4%
Ohio Mutual Insurance Group	$2,799	2.5%	36.9%	$2,303	2.3%	76.3%	$1,993	2.1%	48.3%
Great American Insurance	$2,685	2.4%	112.6%	$2,658	2.6%	68.9%	$1,382	1.5%	42.6%
Brookfield Reinsurance Ltd./Argo	$2,678	2.4%	87.2%	$2,679	2.7%	37.8%	$2,633	2.8%	55.2%
American Family Insurance	$2,420	2.2%	5.9%	$2,194	2.2%	-4.1%	$2,034	2.2%	190.9%
Statewide Totals	$112,650		61.9%	$101,039		52.4%	$93,559		57.8%

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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likelihood of it being an underinsured claim goes up, then obviously that risk rating goes up for the insurer and the premium goes up."

Insurers also were pleased that lawmakers didn't move a bill (HB 384) that would have required the commissioner to conduct a survey of labor rates in Vermont and possibly other New England states and establish a minimum rate.

Last year, lawmakers passed legislation creating a pilot program for speed-enforcement cameras in work zones on limited-access highways, but the program, which was supposed to begin July 1, has been stalled. At a legislative committee hearing in April, Public Safety Commissioner **Jennifer Morrison** told lawmakers that she didn't have the law enforcement staffing resources to implement it.

Kaj Samson Vermont DFR Commissioner

Block, who joined the **Vermont Department of Financial Regulation** (DFR) in 2021, was confirmed to her new post in May, a month after **Kaj Samson** was appointed DFR commissioner. Insurers expect the new leaders to continue the regulatory approach of their predecessors.

Vermont regulators won't allow insurers to use education and occupation in tiering, and they require carriers to run fresh credit scores every three years in addition to limiting the sources of credit information. They also prohibit named driver exclusions and impose particular rules around rate capping, according to a summary of regulatory requirements.

"They've been very sensitive to anything that they feel might be discriminatory or not

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Vermont Snapshot

Regulator: DFR Commissioner Kaj Samson
Rate regulation: file and use (as of July 1)
Average rate approval time (2024): 111 days
U.S. average: 69 days

Size of personal auto market: $501.5 million (2024 DPW) Rank: 50th
Average policy expenditure: $793 (2022)
Rank: 47th
Auto Insurance Report PAIN Index rank: 46th (2022)
Property Insurance Report HURT Index rank: 34th (2022)

Auto registrations: 165,119 (2023)
Truck registrations: 429,091 (2023)
Vehicle miles traveled (VMT): 7.13 billion (2022)
Traffic fatalities: 1.07 per 100 million VMT; U.S.: 1.33 (2022)
Vehicle thefts: 91.6 per 100,000 residents; Region: 150.3 (2023)
Liability defense: modified comparative fault, 51% bar
Minimum Insurance Requirements:
BI: $50,000/$100,000 • PD: $10,000 • UM/UIM: $50,000/$100,000

Safety Laws
Ban on holding an electronic device; cellphone ban for drivers under 18
Secondary enforcement seat belt law
Motorcycle helmets required for all riders
No state law on red-light cameras; pilot program for speed cameras in work zones begins July 1

Demographics
Population: 648,493 (2024)
Change 2010-2020: +2.8%, U.S.: +7.4%
Median household income (avg. 2019-2023): $78,024; U.S.: $78,538
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

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consumer friendly," an insurance executive said. "So, there are a few ways in which we've had to adapt our factors and our tiering to be compliant with the state specific guidelines. I think that is definitely characteristic of Vermont."

Block is co-vice chair of the NAIC's working group that evaluates insurers' use of big data and artificial intelligence, one of several committees "trying to make our way through this brave new world we're all operating in, with models and algorithms and third-party data sources and AI," she said.

Vermont issued a bulletin on artificial intelligence last year that is based on the NAIC model.

"We're having regular conversations with our domestic insurers about these issues," Block said. "Our property and casualty rate filing team, in particular, has done a lot of work to manage the amazing number of models and data and so forth that comes in."

The department created an actuarial checklist for filers "to walk them through what kind of supporting documentation that we feel like we need to be able to support these rate filings," she added.

"It really is a map for them to follow to help them get all the information we need without a lot of back and forth," she said. "It identifies things that we're uncomfortable with, like, we don't like the use of variables like education and occupation. We believe it's unfairly discriminatory, so we don't allow their use, and we look closely at other data and variables that are used."

The department also has specific questions for telematics programs, specifically around disclosures and the vendors that insurers are using.

Block said that the checklists streamline the review process in a way that will ease the shift to the file-and-use rating system with its 30-day review period.

Regulators have been sensitive to rate hikes, but they have not pushed back against those that can be well supported.

Rates for the top 10 carriers spiked an average 13.9% in 2023 after a 6.5% hike in 2022, according to RateWatch from **S&P Global Market Intelligence**. Block reported that there are fewer filings and for smaller increases this year. RateWatch reported approved rates averaging 1.0% for the top 10, with significant increases from **Vermont Mutual** (11.7%) and **Auto Owners** (7%).

"Even though the numbers say we're on the low end of the spectrum, every increase feels real to an individual consumer, especially combined with all the other increases in their lives," Block said. "So, we are concerned about that. It looks like uninsured motorist rates are rising, and not just in Vermont, but across the country. … We try to keep an eye on everything that relates to affordability that might push people to go without insurance." AIR

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