



# LexisNexis® Insurance Demand Meter

A quick look at  
auto insurance  
shopping trends

ISSUE #5

For more information about this report, visit [risk.lexisnexis.com/demandmeter](http://risk.lexisnexis.com/demandmeter) or call 1-800-869-0751.



## Overview

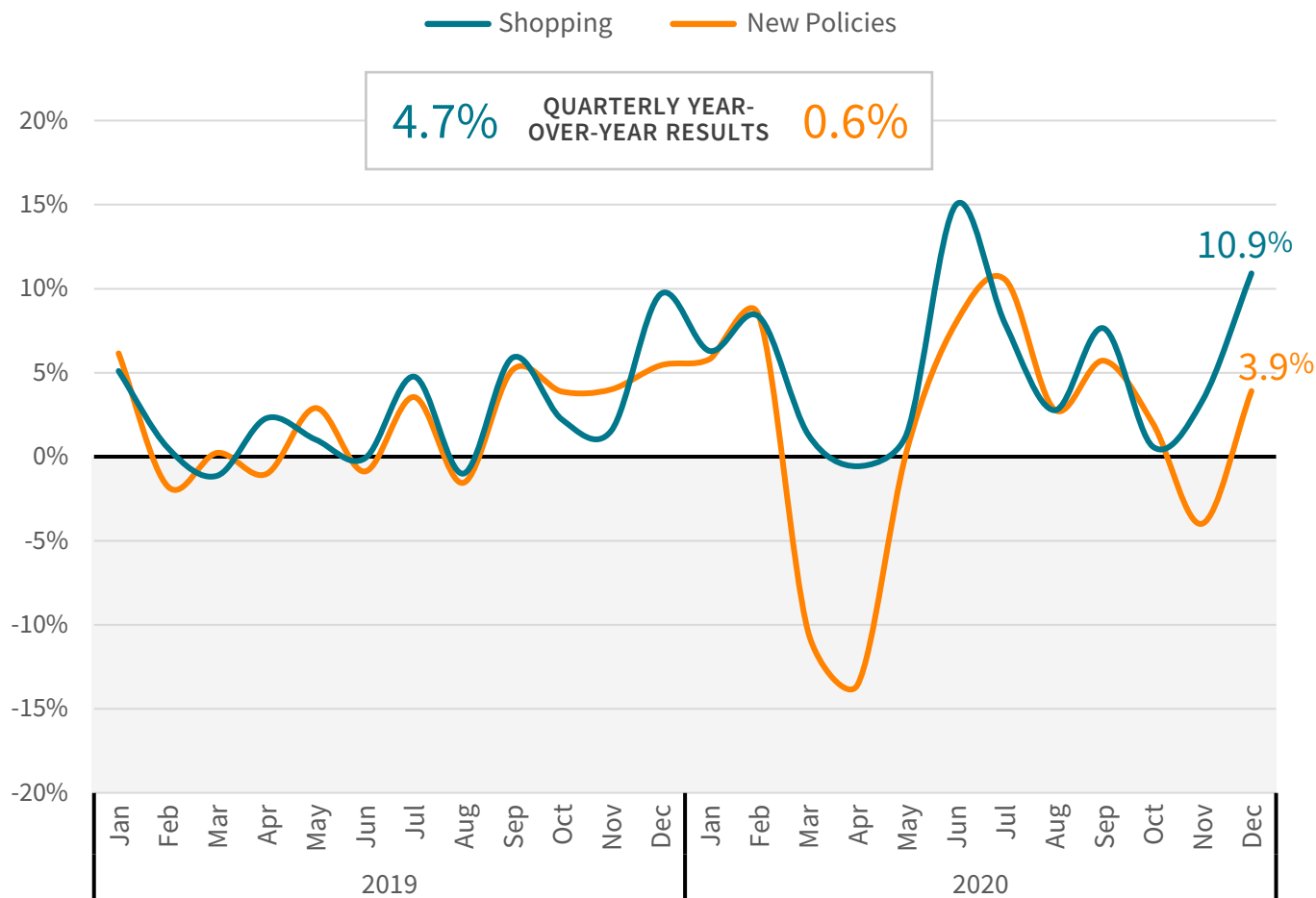
The impacts of the global pandemic reached far and wide in 2020, and auto insurance shopping was not immune. Shopping and new business growth dropped significantly in March after the initial government-mandated shutdowns, but this was tempered in Q2 as states reopened and consumers received stimulus payments. Volatile patterns continued throughout the year, influenced by the pandemic, but also by widespread sociopolitical unrest and severe regional weather, particularly in Q3. Despite the various ups and downs, shopping volumes in 2020 ended up 5.3% higher than in 2019 and new policies were up 1.4% over 2019 volumes. The year ended with 41% of policies being shopped (Chart E), consistent with each quarter in 2020 and half a point over where 2019 ended.

The economic conditions may have played out most obviously among uninsured shoppers, with fewer consumers entering, or re-entering the market. Some of the COVID-19 related demographic shopping patterns that emerged in Q3 continued through October, but in November and December things began to shift back toward traditional norms, where shopper growth for those over 56 years outpaced the younger age groups. In November and December, we also saw shopping growth outpace new policy growth. The shopping growth was likely influenced by carrier rate activity in response to the change in driving patterns, and by aggressive marketing by carriers that lowered rates. The new policy growth lagged as the shopping growth was driven by demographic groups less likely to purchase when they shop.

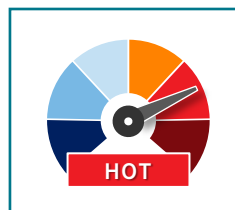
### A REBOUND AFTER 2020'S ROCKY START

- Uninsured shopping came back
- Shopping in the exclusive agent channel was high
- Consumers 56+ started shopping again

## MONTHLY YEAR-OVER-YEAR CHANGE IN SHOPPING AND NEW POLICIES

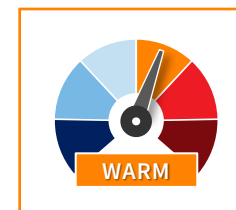


### SHOPPING CHANGE — Q4 2020



The quarterly year-over-year shopping growth rate was 4.7% for Q4 2020 (down from 6.1% last quarter).

### NEW POLICY CHANGE — Q4 2020



Quarterly year-over-year growth for new policies was 0.6% for Q4 2020 (down from 6.3% last quarter).

## The economy and uninsured shopping: A tale of two segments

Last quarter, the gap between insured and uninsured shopping events remained very wide. At the beginning of the quarter, shopping volume was up by nearly 11% among insured shoppers, but this was juxtaposed by continued weakness in the uninsured shopper segment (-10%). Both segments experienced an uptick in December and volumes were uncharacteristically stable, counter to the normal holiday drop in volumes we expect to see throughout the month. With the second COVID stimulus package signed late in December and the distribution of the first stimulus checks in the final few days of the year, we observed early signs of growth in the uninsured shopper segment -- perhaps in a reaction similar to what we saw with the first stimulus payouts.

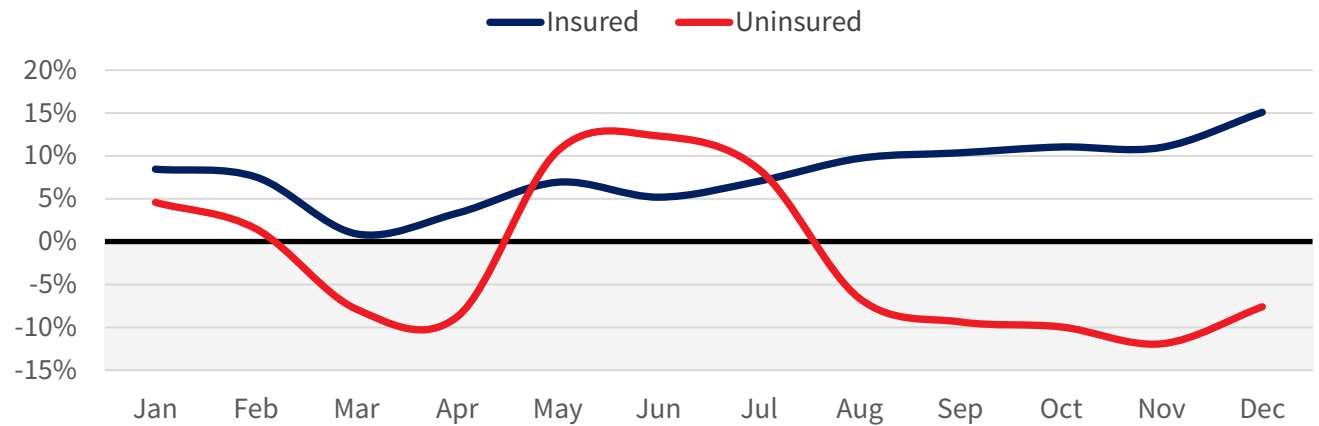
## Age demographics and shopping volume: A return to normal patterns

In the Q2 data, we reported how the 66+ age group (in red) was least impacted from the COVID shutdowns and shopped at a higher than average volume through May and June. Beginning in July, we observed the growth rates for all of the age groups normalizing to within a few percentage points of each other. This is the first time we have observed this sort of uniformity across age groups since we began monitoring this data in January 2009. In November, the growth rates by age group began to shift back toward the historical patterns seen in our data.

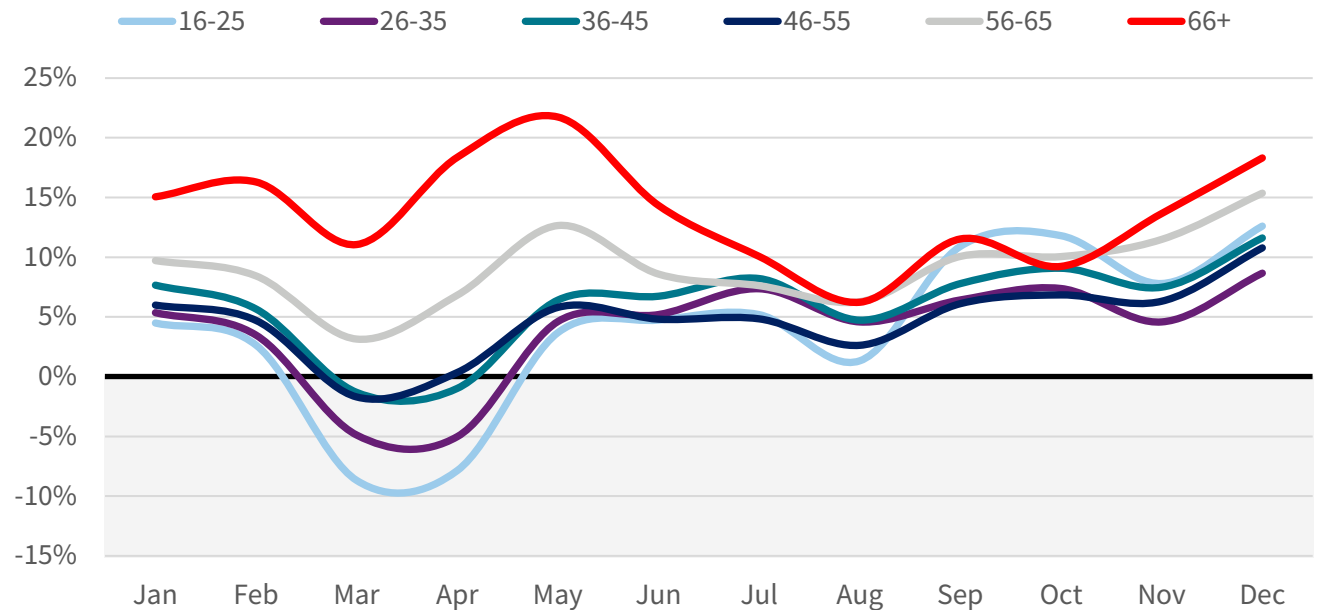


In November, the growth rates by age group began to **SHIFT BACK TOWARD THE HISTORICAL PATTERNS** seen in our data.

### 2020 SHOPPING VOLUME GROWTH BY INSURED AND UNINSURED SHOPPERS



### 2020 SHOPPING VOLUME GROWTH BY AGE GROUP



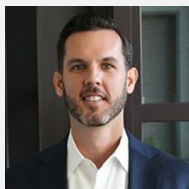
## Shopping by distribution channel: shoppers still using exclusive agents

Although shopper growth for the exclusive channel has lagged behind the direct and independent agent channels in recent years, it roared back in 2020. The exclusive channel outperformed the other distribution models during the COVID shutdowns, then strengthened over the second half of the year. While the other channels weakened, the exclusive channel grew 16% in December and ended 2020 with 6% more shoppers compared to 2019.

Conversely, after regaining ground in May, shopping with the direct and independent agent channels decreased during the second half of the year, growing to 3% and 5%, respectively in December, and 2% and 4% for the year compared to 2019.



The exclusive agent channel outperformed other distribution models, ending the year at **16% GROWTH IN DECEMBER.**

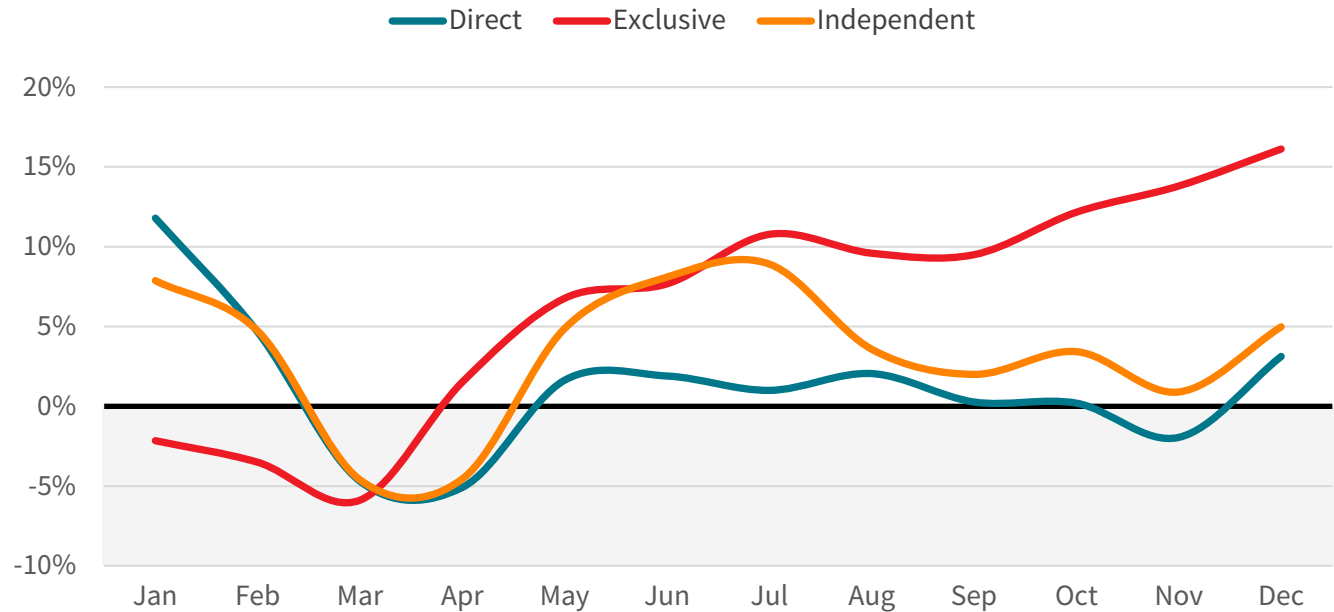


### Tanner Sheehan

Associate Vice President  
Auto Insurance

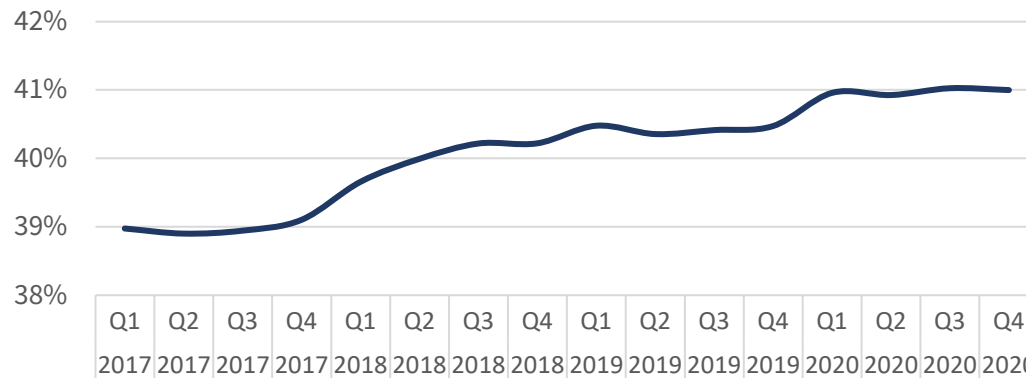
“Monitoring consumer behavior as it relates to auto insurance shopping has been a focus area for LexisNexis Risk Solutions for over a decade. **But the events of 2020 and the impact that they had on auto insurance shopping has certainly dialed up our intrigue.** The view gets even more fascinating when you look below the topline numbers and see what’s happening under the hood — by channel, by demographic and by the insured and uninsured market.”

## 2020 SHOPPING VOLUME GROWTH BY CHANNEL



## SHOPPING RATE OVER TIME

(percent of policies shopped in the past 12 months)



Shopping rate is calculated by the percent of policies in force on Jan. 1st that had at least one driver shop in previous year.



The U.S. auto insurance shopping rate ended 2020 at 41%, remaining the highest we have ever seen.

D

E



## Looking Ahead to 2021

As we move into 2021, we can't help but be optimistic for continued progress toward normalcy as COVID vaccines are more broadly administered, but what will that mean for the auto insurance market? Will we return to pre-COVID trends or will driving patterns and shopping preferences be forever changed? As things progress, LexisNexis will be closely monitoring driving behaviors and trends as insurance carriers work to adjust their rates accordingly, which will in turn impact consumer shopping and switching activity in the market.

The early boost in uninsured shopping we saw in the final days of 2020 from the second stimulus bill suggests that those uninsured drivers may return to the market in early January. With talk of a third stimulus package, we could see another stimulus related boost in the first quarter, as well. We will also begin to hurdle the unprecedented results we saw resulting from COVID shutdowns last March, which will certainly impact the year-over-year growth numbers.

The LexisNexis Insurance Demand Meter is a quarterly analysis of shopping volume and frequency, new business volume and related data points. LexisNexis Risk Solutions offers this unique market-wide perspective of consumer shopping and switching behavior based on its analysis of billions of consumer shopping transactions since 2009, representing ~90% of the universe of shopping activity.



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