

LexisNexis® Insurance Demand Meter

A quick look at
auto insurance
shopping trends



ISSUE #19

Overview

As the industry emerges from its profitability challenges in 2023, U.S. auto insurance shopping and purchasing both registered as “Nuclear” on the LexisNexis® Insurance Demand Meter in the second quarter of 2024. Many carriers substantially increased their marketing efforts, which were acknowledged by motivated consumers seeking to mitigate rate increases in both their auto and home policies. This growth occurred despite sluggish vehicle sales that were exacerbated by the software outage that plagued dealerships across the country during the last two weeks of June.

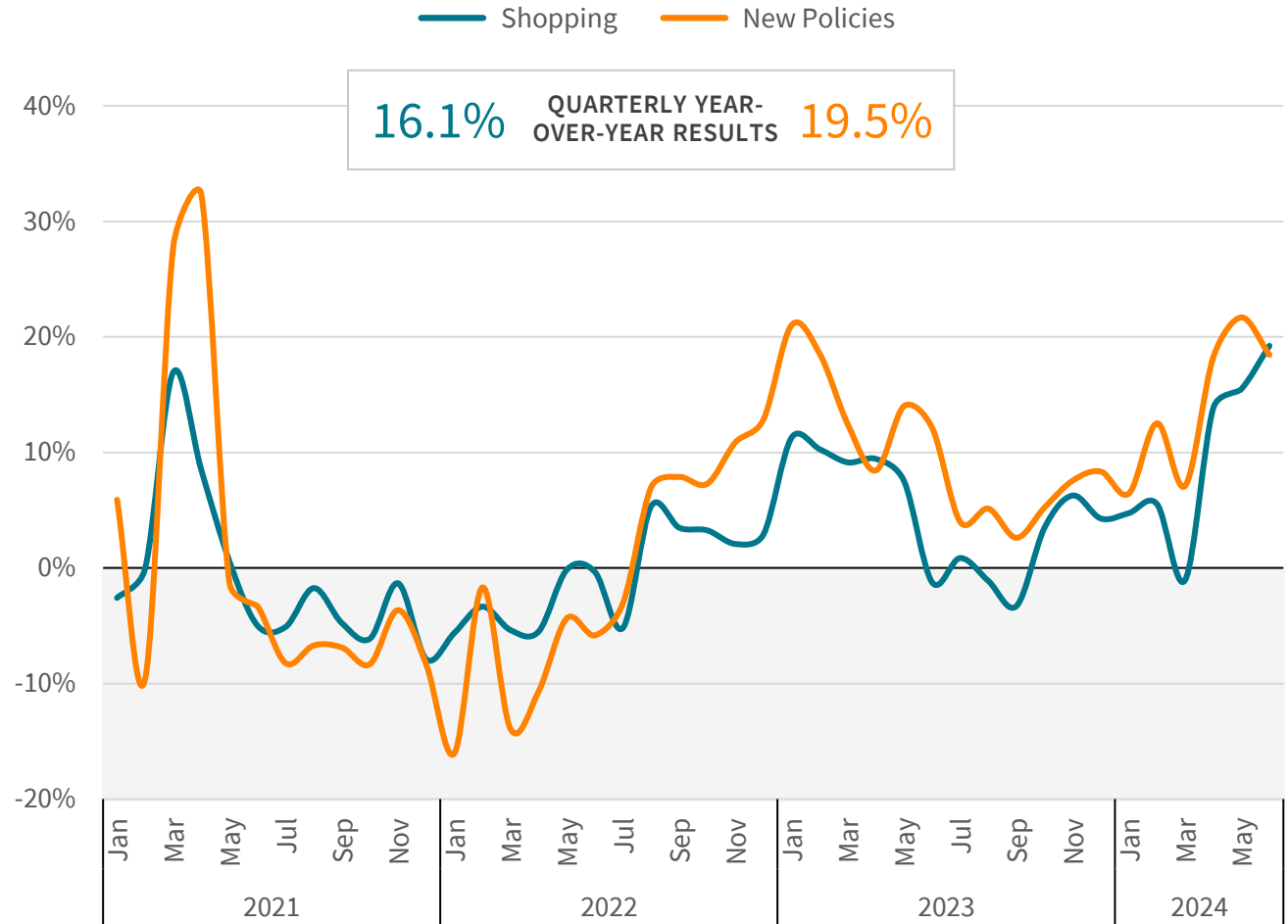
Interestingly, Q2 2024 was the first time shopping registered as Nuclear, and the first instance of both shopping and new business growth jumping to Nuclear territory in the same quarter. By quarter’s end, the annual shop rate was up to a record 42.3%, led by four states with annual year-to-date shop rates over 50%: TX, FL, GA and AZ.

KEY TAKEAWAY

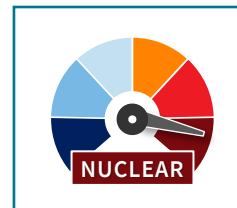
By the end of Q2 2024, 21% of the policies-in-force were written in the previous 12 months.

While new policy growth dipped slightly below shopping in May, the continued strong purchasing volumes were driven by the rebounding non-standard segment and long-tenured, traditionally stable customers.

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

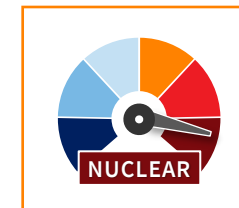


SHOPPING CHANGE — Q2 2024



The quarterly year-over-year shopping growth rate was +16.1% for Q2 2024 (up from +2.9% last quarter).

NEW POLICY CHANGE — Q2 2024



The quarterly year-over-year growth for new policies was 19.5% for Q2 2024 (up from +8.7% last quarter).

Shopping rates grow at record numbers

As the industry saw throughout 2023, auto insurers reacted to poorer-than-expected profitability in the first quarter of last year by reducing marketing and re-implementing underwriting restrictions. This introduced a slowdown in shopping that began in May and persisted through October (Chart B). The 2023 slowdown, which coincided with significant rate-taking activity by the industry, coupled with this year’s atypical mid-year surge in shopping volumes, has led to the record growth rates in Q2 2024. At least part of that surge was driven by carriers who reinstated marketing efforts and consumer lead purchasing to take advantage of the rate-driven shoppers.

Growth was particularly strong in the direct-to-consumer (non-agent based) distribution channel:

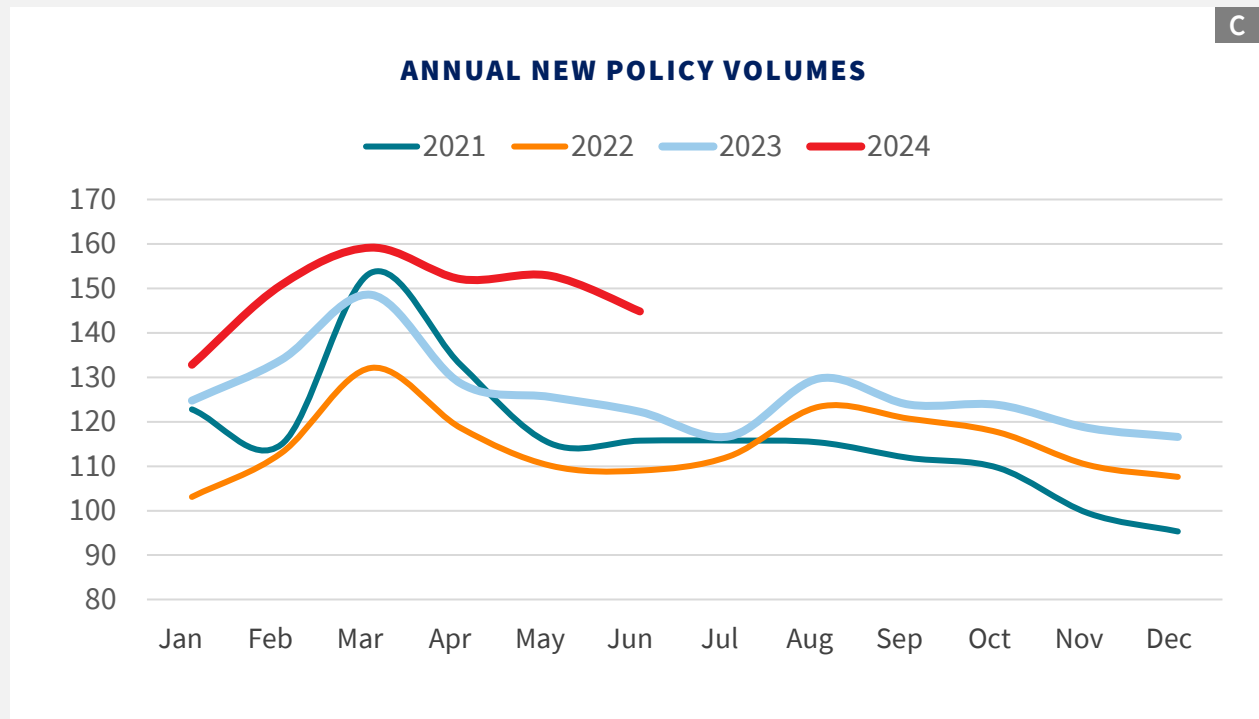
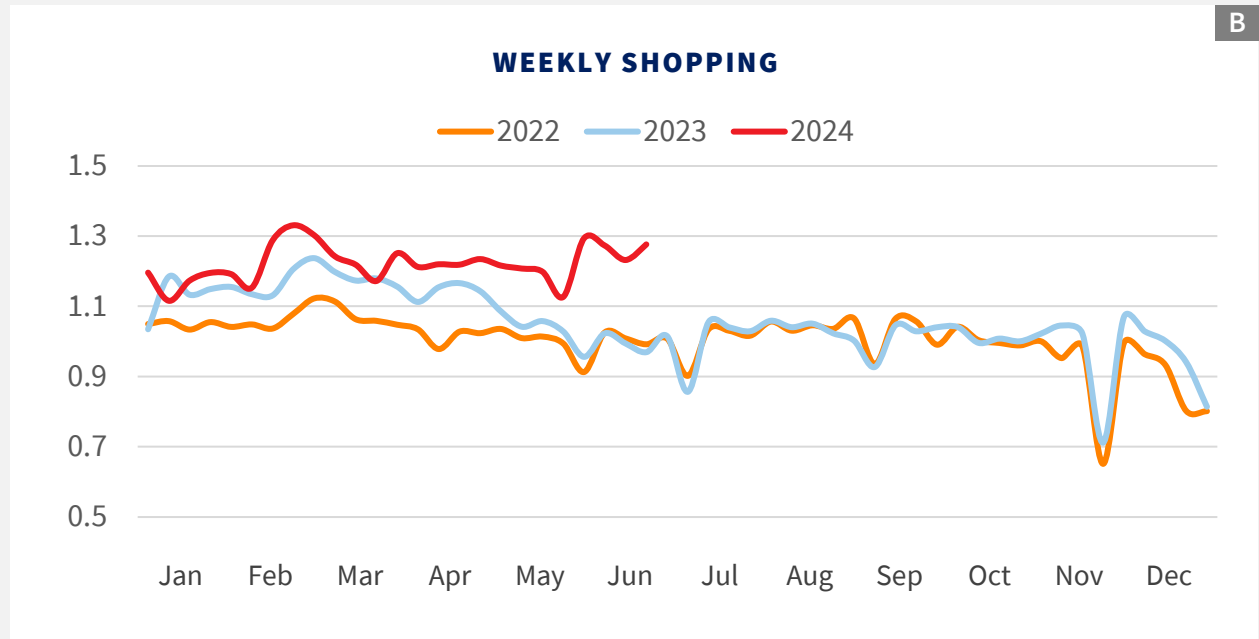
↑ **38%** direct-to-consumer

↑ **2.4%** captive agent

↑ **8.9%** independent agent

Shopping exceeds new business growth

New policy volumes remained strong, far exceeding volumes from previous years in April, May and June (Chart C). Volumes did dip slightly from May to June, causing shopping growth to outpace new policy growth in June for the first time since April 2023 (Chart A on previous page).



Double whammy: home insurance shopping impacts the auto market

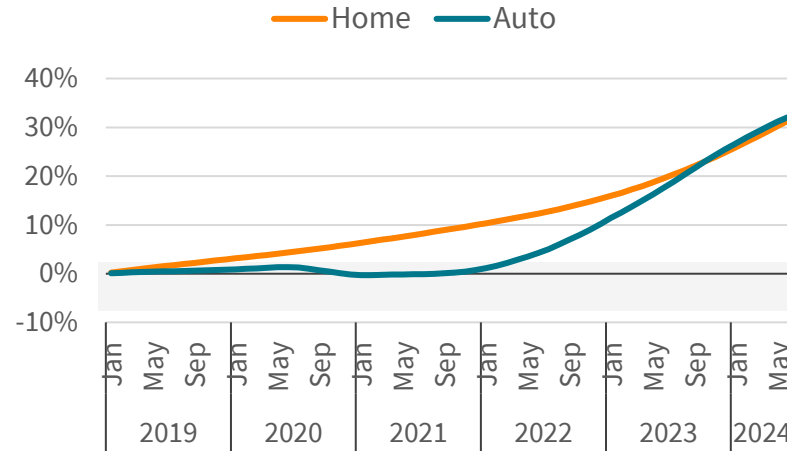
With more than half of auto insurance shoppers owning a home or condo, the accelerated growth in rate-taking we saw in 2023 and the first half of 2024 in the home insurance market is no doubt helping fuel shopping and switching for many auto consumers (Chart D).

Just as home and auto insurance rates have followed a similar trajectory, so have shopping frequency patterns for both home and auto insurance consumers. In a recent consumer study², we found that nearly four in 10 respondents with an existing insurance policy are shopping their insurance regularly, with 38% shopping their auto policies at least once per year, and 36% shopping their home insurance policies just as frequently (Chart E).

Of homeowners surveyed, 22% indicated that they were only motivated to shop their insurance if an event or situation occurred to impact coverage or rates.

D

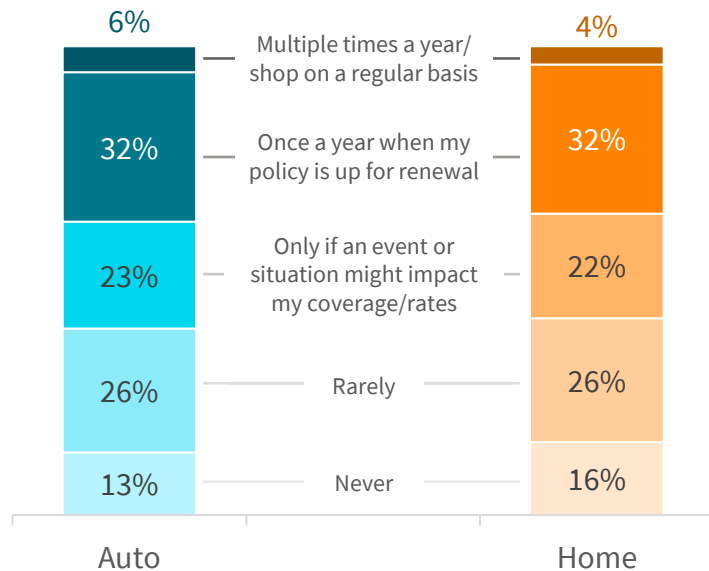
CUMULATIVE RATE CHANGES



Our analysis based on S&P carrier rate filing data¹ suggests that the home and auto market rate increases remained at a similar accelerated rate over the last 12 months.

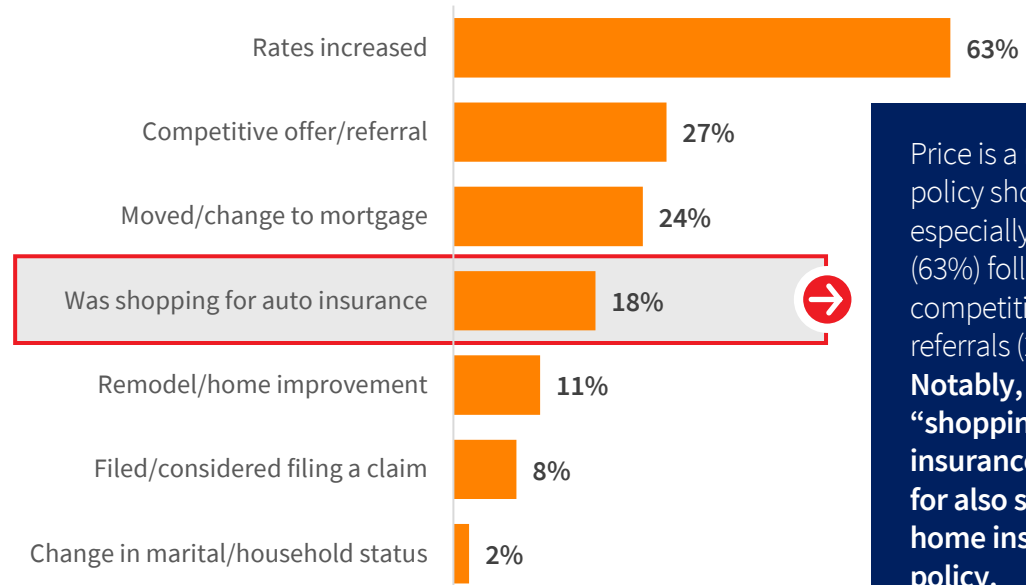
E

SHOPPING FREQUENCY BY BUSINESS LINE



F

TRIGGERS FOR HOME INSURANCE SHOPPING



Price is a main driver of policy shopping, especially rate increases (63%) followed by competitive offers or referrals (27%).

Notably, 18% gave “shopping for auto insurance” as a reason for also shopping their home insurance policy.



Jeff Batiste

Senior Vice President and
General Manager, U.S. Auto
Insurance – Client Engagement

“Notably, this quarter’s results were driven by both ends of the market, with record shopping and new business volumes in the preferred segment and a rebounding non-standard market.” This is the latest sign of the strengthening and stabilizing personal lines market and has overall policy-in-force growth trending back to historical norms.



Looking Ahead

After two years of stagnant growth in the overall number of policies-in-force in the market, the second quarter’s elevated shopping and purchasing activity has helped market growth return to near historic norms. But will this hot streak continue? Historically, the combination of the Summer Olympics and the U.S. presidential election will slow shopping activity in Q3 and Q4 (potentially due to more expensive and less effective television advertising). If we do see similar fluctuations in shopping levels this year, recent market trends indicate that new policy growth could continue at record volumes through the next quarter.

1. Sources: LexisNexis Risk Solutions Internal analysis, S&P Global Market Intelligence (and its affiliates, as applicable)
2. *What Homeowners Want: Understanding their insurance preferences and behaviors*, LexisNexis Risk Solutions, ©2024.

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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