LexisNexis® Insurance Demand Meter

A quick look at auto insurance shopping trends

ISSUE #22

LexisNexis® RISK SOLUTIONS

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LexisNexis Insurance Demand Meter – Trends from Q1 2025

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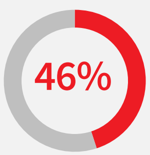
Overview

Coming off a three-quarter streak to prompt a 'Nuclear' reading on the LexisNexis® Insurance Demand Meter, U.S. auto policy shopping volumes remained steady in Q1, although growth slowed as the market began hurdling elevated shopping volumes from Q1 2024. The quarterly year-over-year growth rate for auto policy shopping was 'Sizzling,' clocking in at 16% on the Demand Meter, down from 26% last quarter. Quarterly year-over-year new policy growth came in 'Hot,' registering 8.4% on the meter, which was down from Q4's reading of 17.7% (Chart A).

At the end of the first quarter, 46% of policies-in-force were shopped at least once in the previous 12 months.



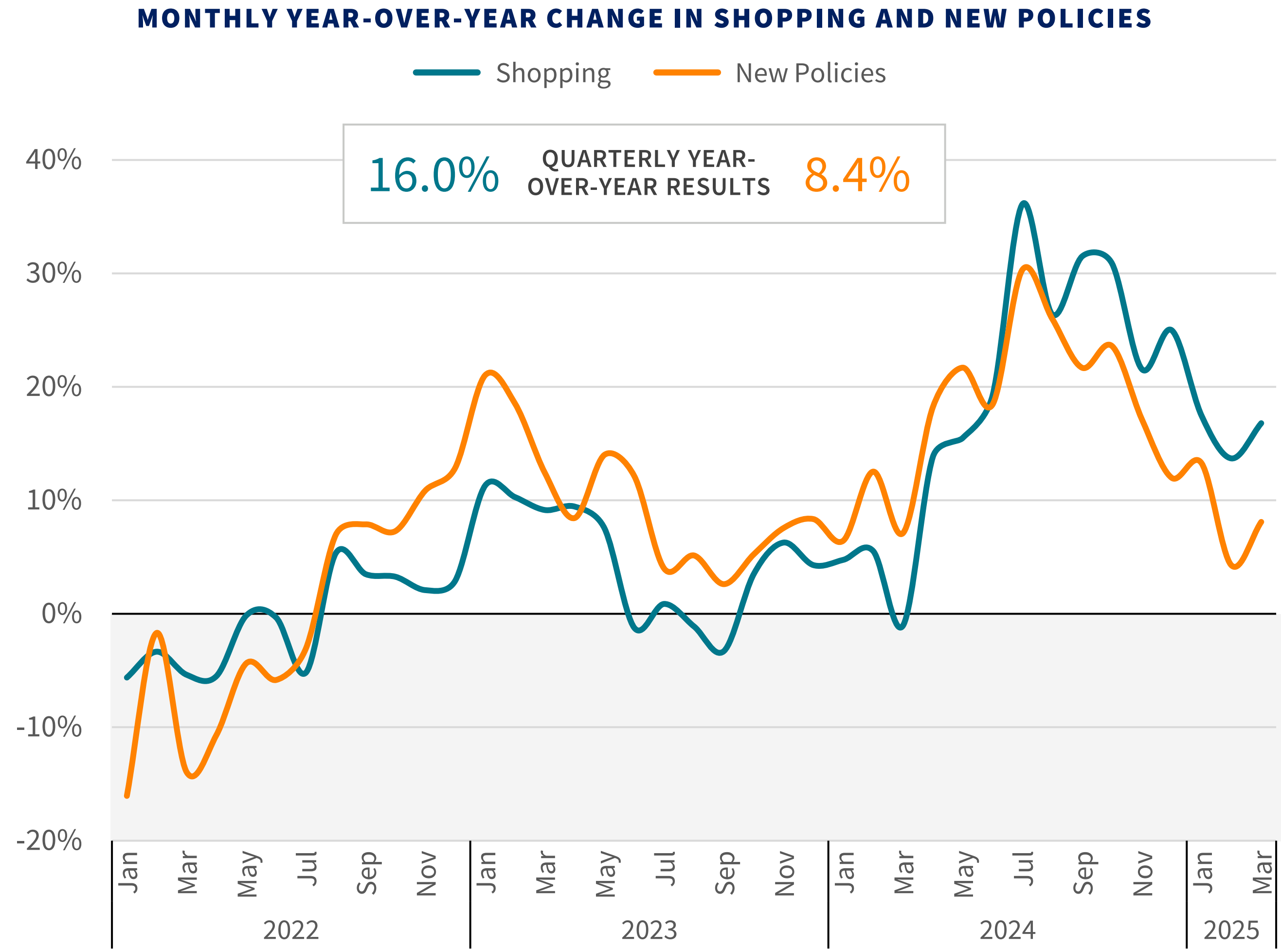
KEY TAKEAWAY

At the end of Q1, the annual shop rate was 46%, a new record on the Demand Meter.

The direct channel, tax season help shape Q1 shopping

First quarter growth was largely influenced by direct channel shopping by consumers across all age groups. The direct channel led independent and exclusive channels with 34% year-over-year growth, and the non-standard segment continued its rebound ahead of the standard market with growth of 30%.

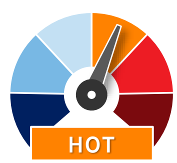
A



SHOPPING CHANGE — Q1 2025

The quarterly year-over-year shopping growth rate was +16.0% for Q1 2025 (down from +26.0% last quarter).

NEW POLICY CHANGE — Q1 2025



The quarterly year-over-year growth for new policies was +8.4% for Q1 2025 (down from +17.7% last quarter).

The direct channel, tax season help shape Q1 shopping (cont.)

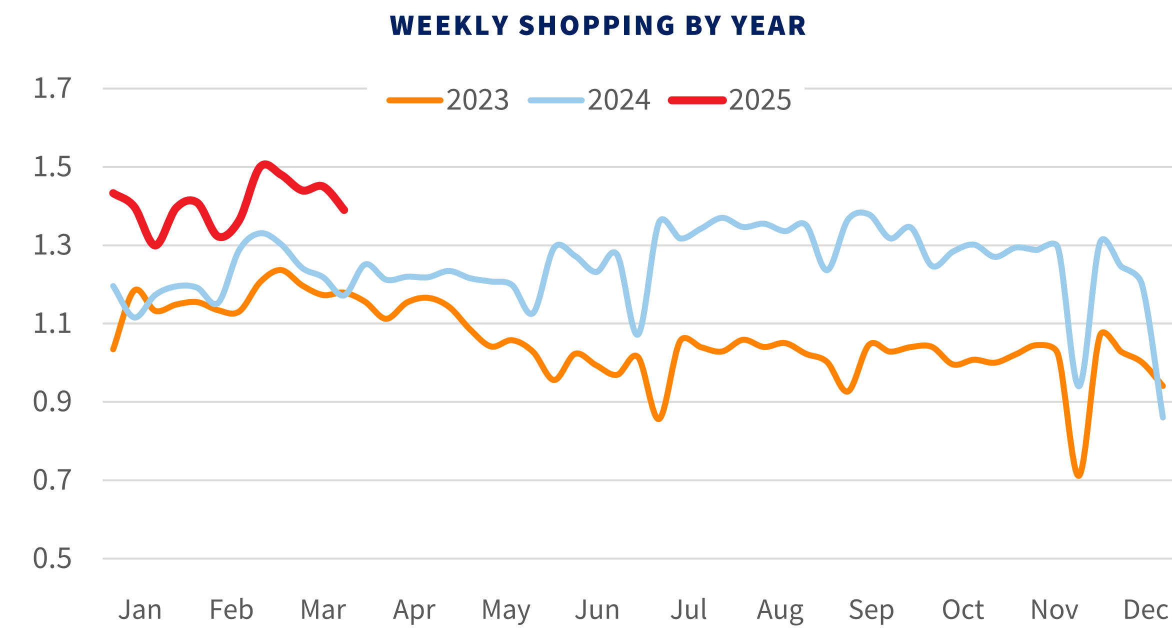
The nonstandard rebound in Q1 can be attributed in part to the influx of uninsured consumers hitting the market with tax refunds in hand. Yet while tax season helped bolster market activity, the typical 28 days in February tempered it.

Comparing 2025 activity to 2024's Leap Year advantage, one fewer business day in the month meant policyholders had one less day to shop. While this did create a dip in auto policy shopping in Q1, plenty of areas throughout the country bucked that trend and boasted elevated shopping growth.

From a regional vantage point (Chart C), activity looked strong with 10 states seeing **shopping growth** of 20% or greater, including:

59%	Hawaii
43%	New Jersey
33%	Washington
31%	Massachusetts
29%	Nevada
26%	New York
26%	California
23%	Rhode Island
23%	Arkansas
20%	Texas

B



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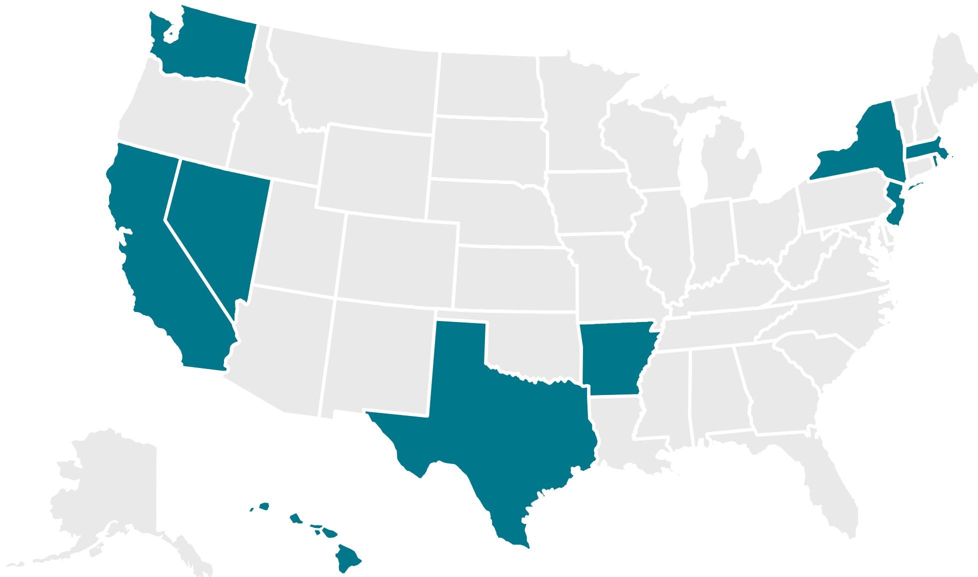


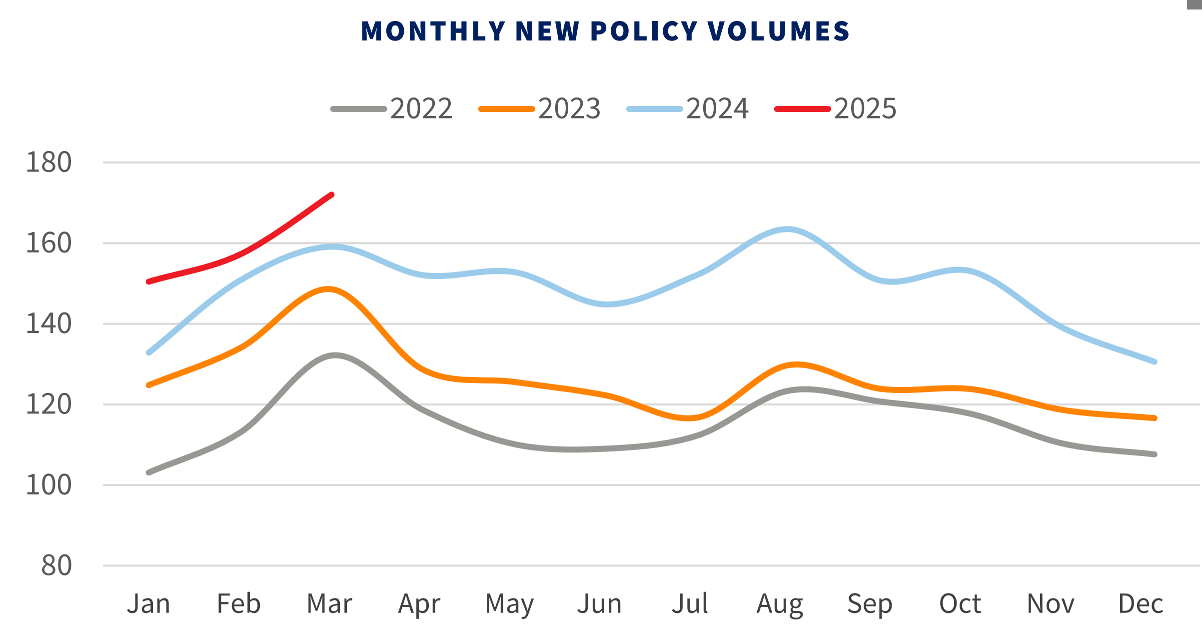
New policy growth boosted by tax refunds, impending tariffs

While down from quarterly year-over-year records, new policy growth in the first three months of the year rang in strong (Chart D). March touted particularly solid volumes likely driven by post-tax refund activity and increased vehicle sales from consumers angling to get ahead of potential cost impacts from tariffs. As consumers who purchase new vehicles tend to re-evaluate, shop and switch their policies, this was likely another boost to activity driven by the economic landscape.

At a state level, six states had **new policy growth** of 20% or more:

39%	Nevada	28%	Louisiana
31%	New Jersey	24%	Hawaii
30%	New York	20%	Washington, D.C.

D

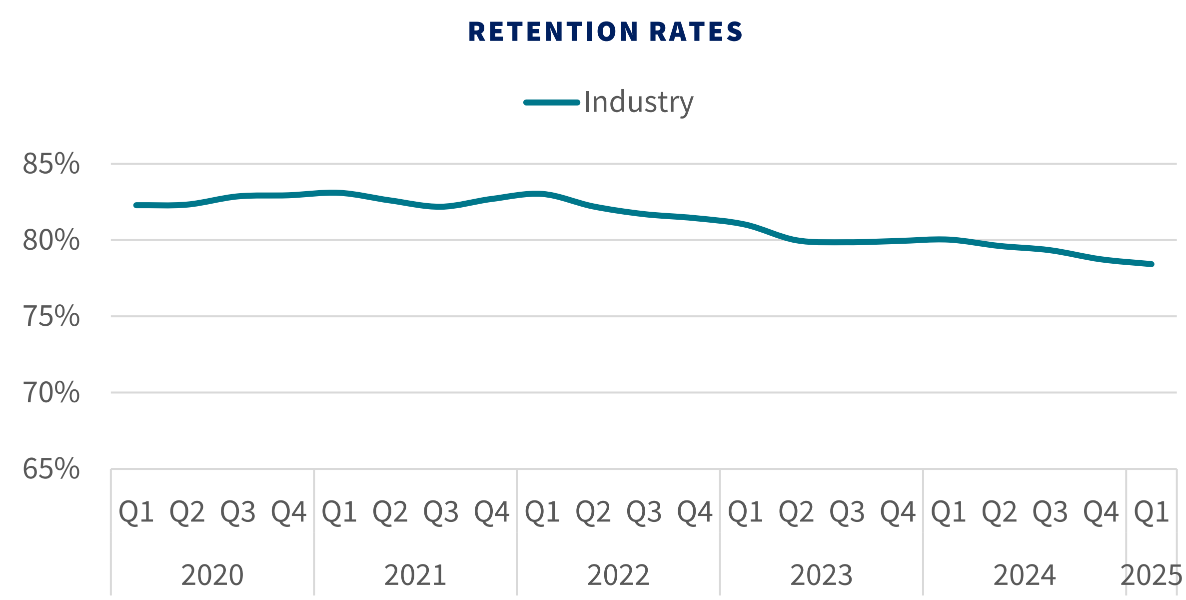


Shopping trends take toll on retention levels, even among traditionally loyal customers

Whether due to macro-economic factors, rate increases or amplified marketing that followed the loosening of underwriting restrictions, policyholder loyalty is shifting. Since 2021, the market has seen a significant drop in retention rates, and this trend persisted into the first quarter of 2025.

In early 2022, retention levels sat slightly above 83%. However, the surge in new policy growth has equated to reduced retention levels — down to78% at the end of Q1 2025 (Chart E). As a result of the explosive shopping and switching over the past few years, policies today are churning nearly 30% faster than they were three years ago, resulting in an additional six million policies changing hands annually compared to 2021.

E



Shopping trends take toll on retention levels, even among traditionally loyal customers (cont.)

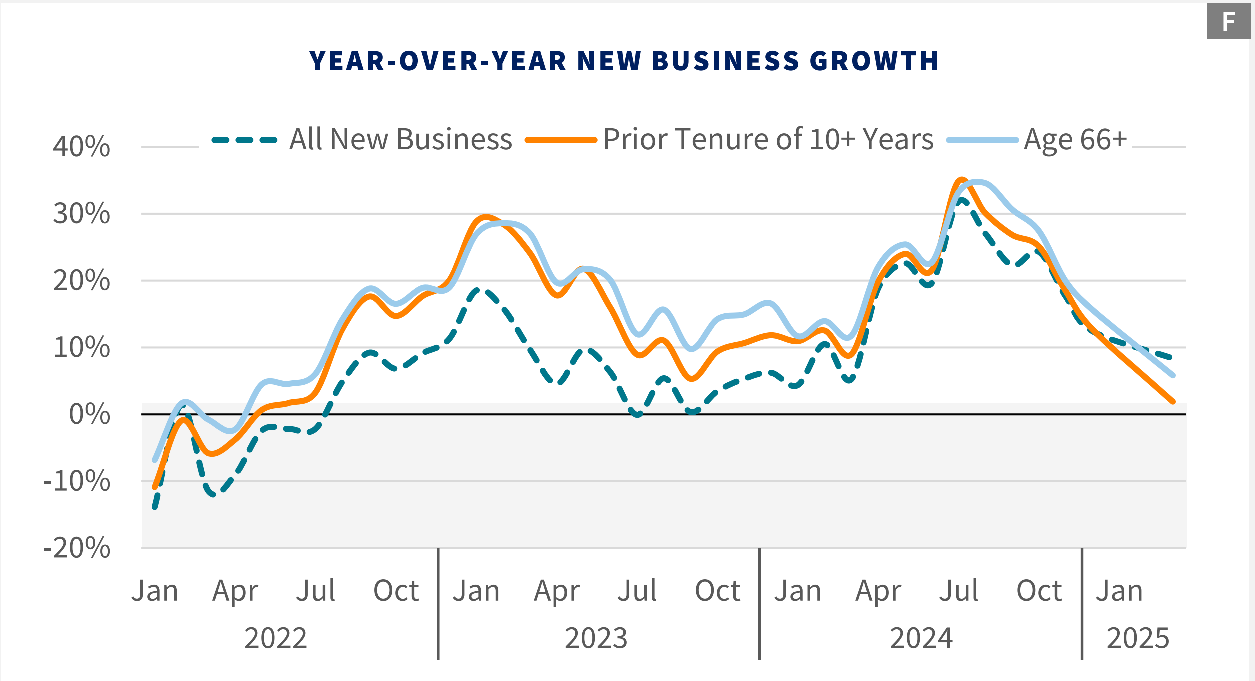
What may be less obvious to insurers isn't that retention rates are dropping, but rather that an outsized portion of the decline is coming from cohorts of historically higher lifetime value groups. As record increases in new business fueled the market, consumers with prior policy tenure of 10 years or greater and those aged 66+ were particularly active (Chart F).

These groups, which have traditionally contributed lower growth than other cohorts, helped drive a considerable share of the overall increase in industry activity over the past three years.

While insurers should continue seeing ample opportunity to attract previously loyal, high-value policyholders, some may look up and realize that their own best customers are hitting the market, underscoring the need for a more robust retention strategy.

Older demographics lead the shopping charge

Emphasizing their contribution to declining retention rates, consumers aged 66+ continued to be the most active age group shopping the market in Q1. They solidified the top spot among age demographics, while growth was more evenly distributed among other cohorts. The 66+ age group saw year-over-year growth of 19.7%, and 26-35-year-olds who shopped their auto policies the least, when compared with their counterparts, grew 13.1%. Older consumers who may be on fixed incomes are likely more sensitive to rate increases, which has served as an impetus for this traditionally stable group to weigh policy options.



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Looking Ahead

Tariffs could have more of an impact later in the year, but that doesn't mean consumers and insurers aren't focused on them now. Insurers may see an acceleration in new vehicle and home material purchases, as consumers race to beat the clock before the potential impacts of the tariffs are felt. As carriers are aware, home and auto markets can follow a similar trajectory, so we may see each market fueling policy shopping and switching in the other.

Jeff Batiste

Senior Vice President and General Manager, U.S. Auto and Home Insurance

"Carriers are achieving notable underwriting results but continue to face significant retention challenges. Declining retention rates may force carriers to replace lost policies to sustain growth, which could strain their current business models. Acquiring new business is costly, and these policies often have higher claims frequency than long-standing ones, likely increasing both loss and expense ratios. To help maintain positive underwriting results, carriers should remain disciplined in their underwriting approach."

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.

risk.lexisnexis.com/demandmeter