LexisNexis® Insurance Demand Meter

A quick look at auto insurance shopping trends

ISSUE #23

LexisNexis® RISK SOLUTIONS

Working Together *for a* Safer, Smarter Tomorrow™

LexisNexis Insurance Demand Meter – Trends from Q2 2025

Issue #23

Overview

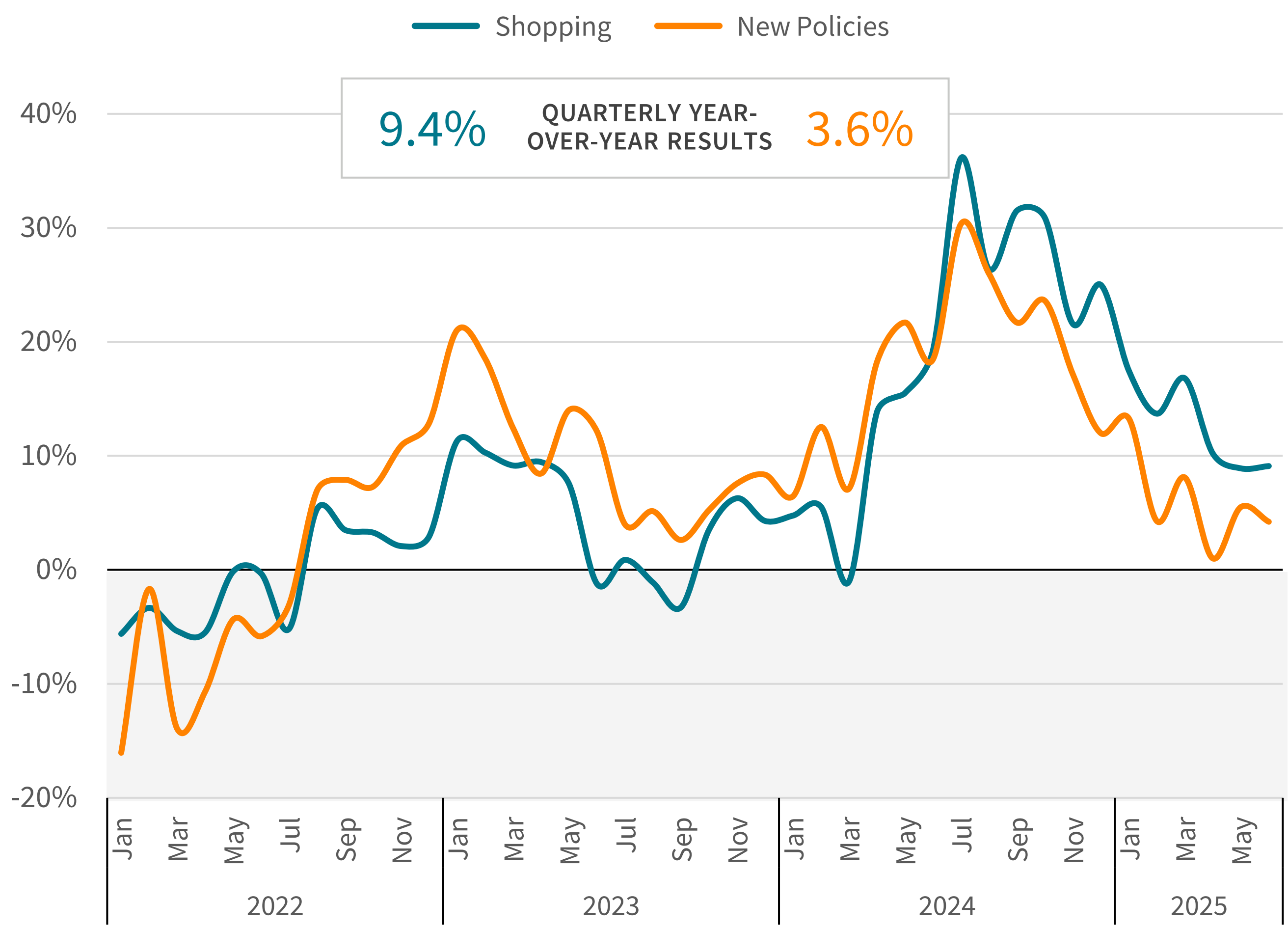
While the industry continues to hurdle record-breaking activity from the past 24 months, quarterly year-over-year shopping and new business growth remained elevated on the LexisNexis® Insurance Demand Meter. In Q2, shopping rang in “Hot,” rising 9.4%, which was down from the 16% increase insurers saw last quarter, and new business growth entered “Warm” territory, increasing 3.6%, but down from last quarter’s 8.4% increase (Chart A).

The direct channel and the non-standard market spurred Q2 shopping activity. For the eighth consecutive quarter, growth in the direct channel led its exclusive and independent agent counterparts, netting 22.8% year-over-year growth for the quarter, likely the result of more insurers re-igniting marketing engines and increasing underwriting appetites. While the standard segment experienced impressive quarterly year-over-year growth of 8.4%, the non-standard segment outpaced it as this cohort’s activity continued to rebound. Nonstandard shopping rose to 23.6%, likely in part from the ripple effect of post-tax season activity in Q1 that extended into the second quarter.

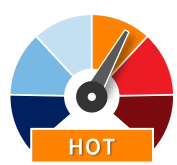
In the second quarter, the direct channel led independent agent and exclusive channel counterparts with **22.8% quarterly year-over-year growth.**

A

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



SHOPPING CHANGE — Q2 2025



The quarterly year-over-year shopping growth rate was +9.4% for Q2 2025 (down from +16% last quarter).

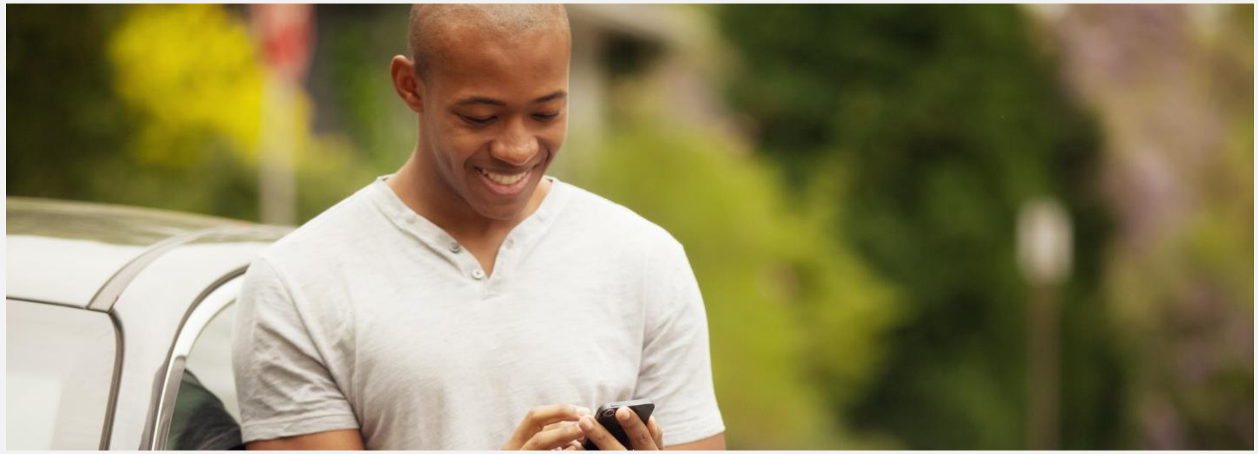
NEW POLICY CHANGE — Q2 2025

The quarterly year-over-year growth for new policies was +3.6% for Q2 2025 (down from +8.4% last quarter).

46.5%

Annual shop rate hits new high

At the end of Q2, 46.5% of policies-in-force were shopped at least once in the past 12 months — *a new record since the inception of the LexisNexis® Insurance Demand Meter.*



Rates, States and Shopping Influencers

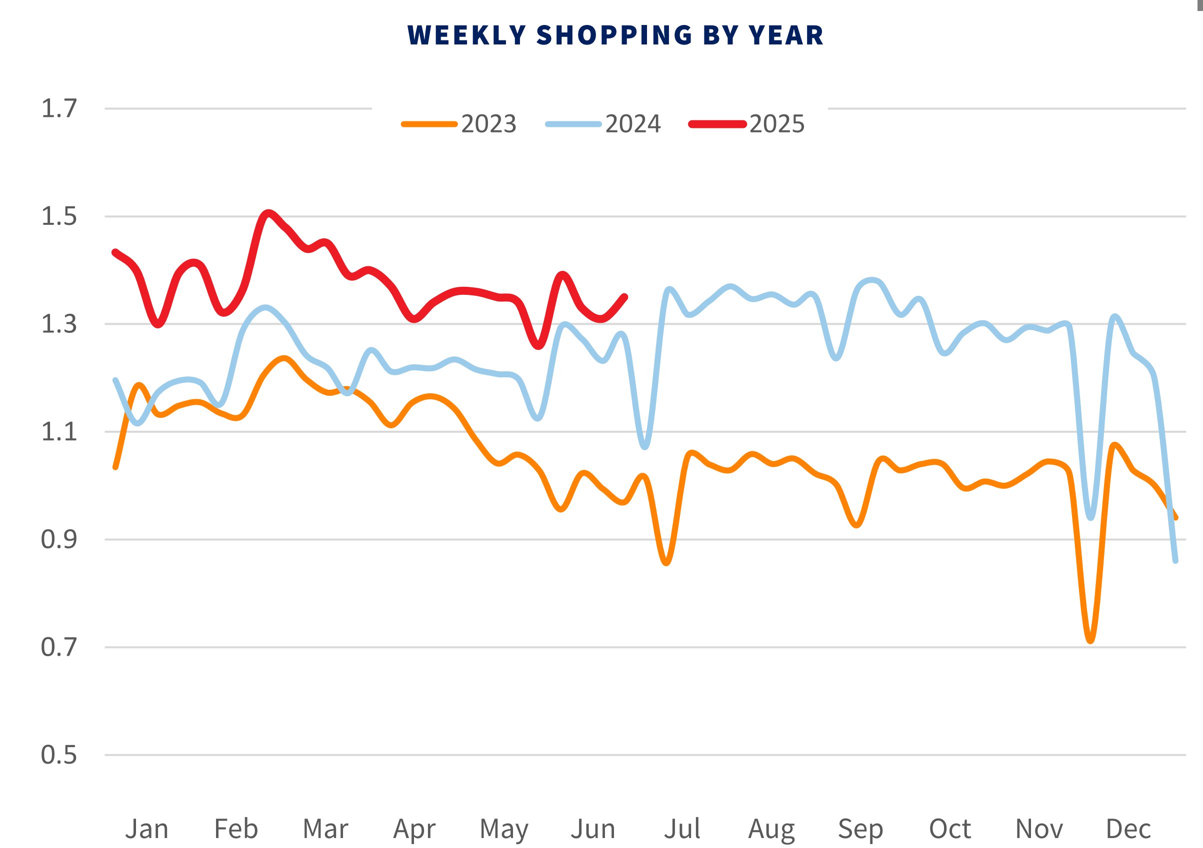
In the second quarter, growth among shoppers with existing policies (10.1%) outpaced uninsured shopping growth (7.6%). This trend suggests that marketing efforts and renewal notices may have driven policyholders into the market, triggering the increased activity.

Only two states achieved shopping growth of 20% or higher in Q2, compared to the 10 states that achieved this designation last quarter.

Every state except Wyoming experienced slower shopping growth compared to the first quarter, and shopping growth across all age groups decelerated, too.

Unsurprisingly, New Jersey (33%), Texas (17%), California (16%) and Florida (9%) emerged as the states generating the highest shopping volumes, a reflection of their significant consumer base and potential outsized impact on market activity. In Q2, their momentum offset smaller shopping increases and the decreases experienced throughout the country to keep shopping growth positive and hurdling last year's numbers (Chart B).

B



New Business Growth

The second quarter continued to usher in a dynamic new business environment, in part defined by rate decreases. Almost 40% of Q2 rate filings for the top 25 auto carriers were rate reductions, which kept new business volumes elevated and fueled new triggers for consumers to switch carriers (Chart C).

While the average rate decrease was -4%, the average rate increase was +4.4%, likely from states delayed in implementing the increases that swept the country over the past few years.

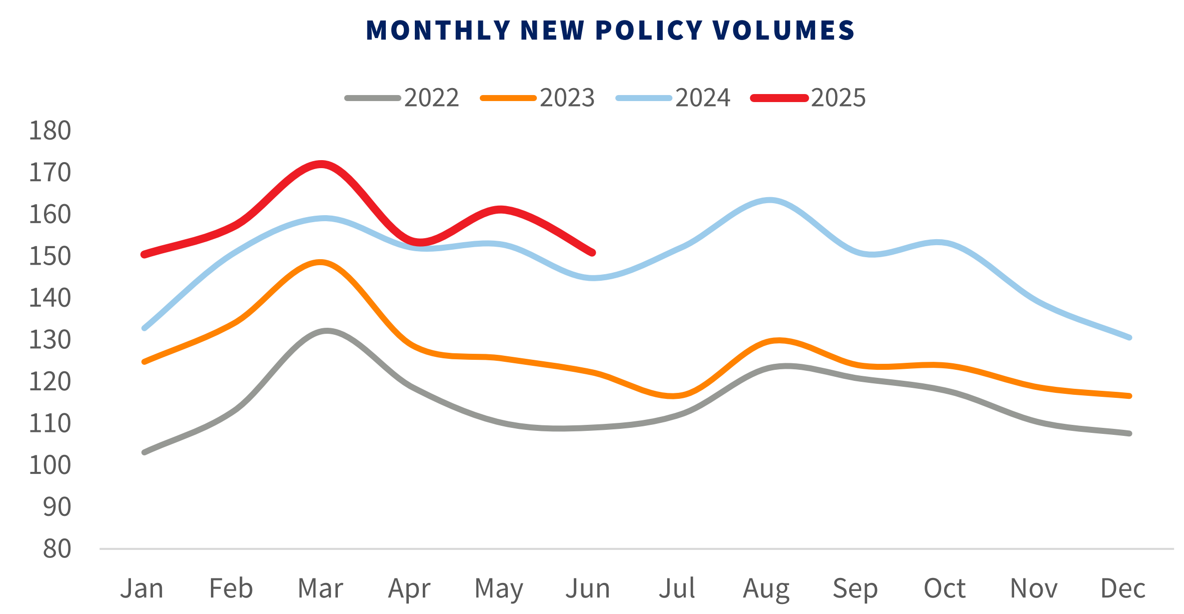
Wheels and Deals: Analyzing Vehicle Purchases and Shopping

Another factor influencing shopping was the activity tied to new vehicle sales. Since January 2022, shopping for auto insurance while shopping for a new vehicle has increased 9%, suggesting that consumers increasingly consider how rising insurance rates will affect their overall cost of purchase.

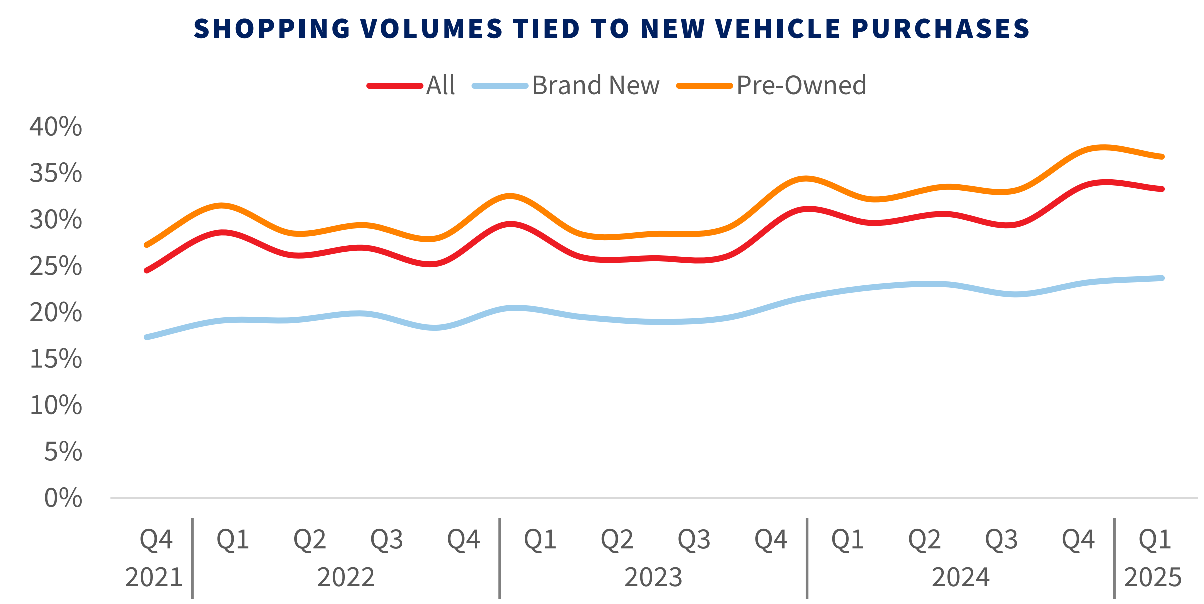
However, while shopping at the time of a new vehicle purchase has grown over time, new business numbers have not. Over the same period, new business tied to vehicle purchases has hovered between six and eight percent, with the trend remaining steady in the second quarter (Chart D).

In Q2, new business tied to shopping for a new vehicle was 8%.

C



D



Policies with Fewer Vehicles See Jump in Shopping

The industry saw a notable shift in shopping behavior among consumers based on the number of vehicles owned. As policies with lower vehicle counts began exhibiting higher shopping growth, growth among policyholders owning multiple vehicles took a back seat. The reversal that the industry first saw in 2024 suggests that smaller households, or individuals with fewer vehicles, are now more reactive to rate changes than they have been in previous quarters.

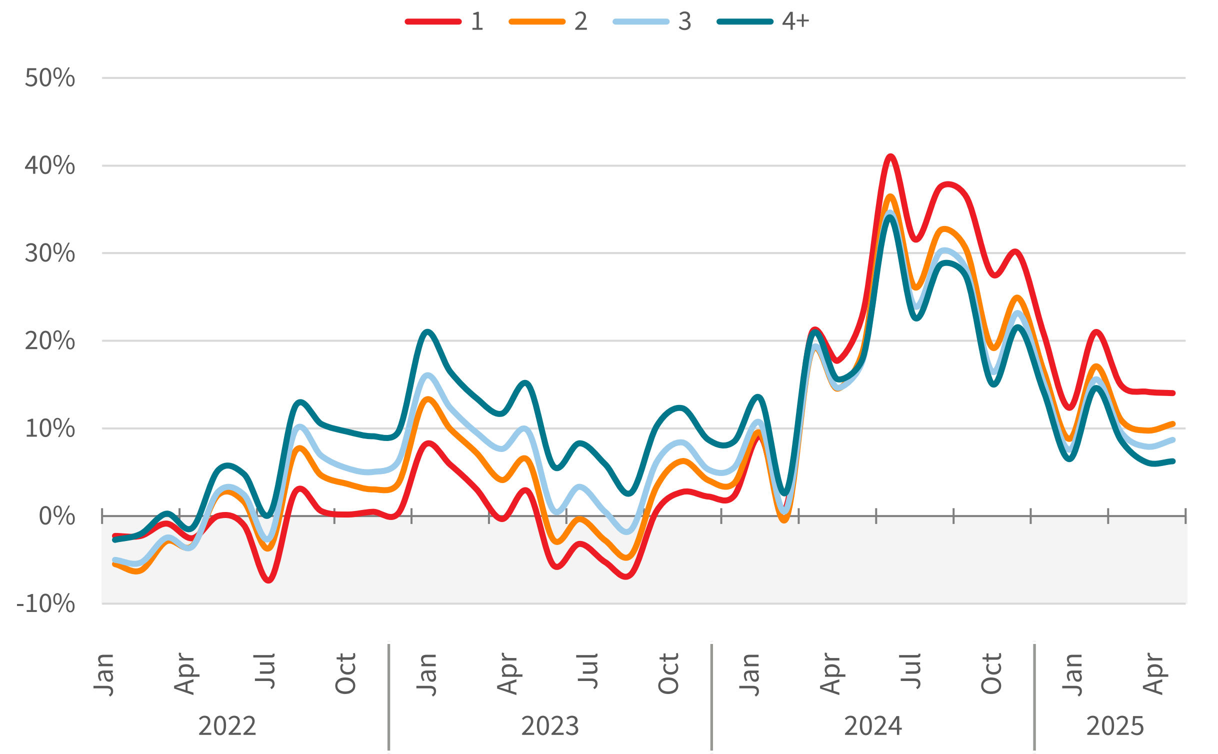
Growth in shopping activity among policies with single drivers further echoed this trend. As of Q2, policies with a single driver led the charge in shopping and switching behavior over policies with multiple vehicles. While other policyholder groups have maintained relatively stable shopping patterns, single-driver policies have demonstrated the strongest growth in shopping activity since Q2 2024 (Chart E).

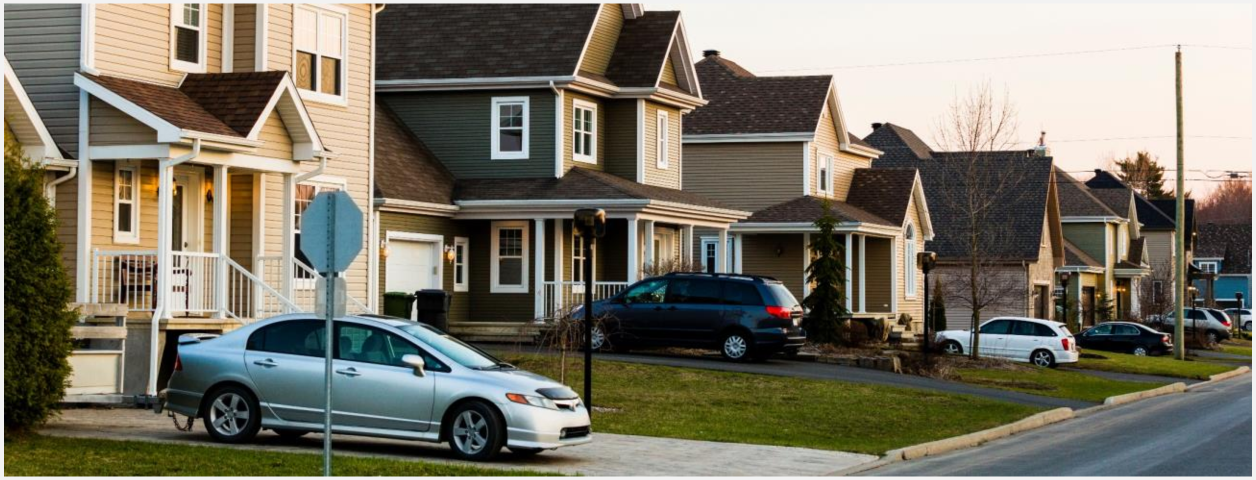
Growth among single drivers suggests a growing focus on affordability, which could be driven by tighter budgets or evolving consumer priorities for rate-sensitive shoppers.

Insurers may need to adapt their retention strategies to address this shift and help ensure they remain competitive in attracting and retaining this increasingly active demographic group.

E

YEAR-OVER-YEAR SHOPPING GROWTH BY NUMBER OF VEHICLES ON POLICY





Jeff Batiste

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

"The second quarter underscores how the insurance market remains in high gear, driven by the lingering effects of recent hypergrowth in shopping activity," said Jeff Batiste, senior vice president and general manager, U.S. Auto and Home Insurance, LexisNexis Risk Solutions. "While we are still experiencing growth, albeit at a slightly slower pace, marketing activations, combined with an increasingly price-sensitive customer base, are helping to sustain elevated levels of shopping and new policy acquisition."

Looking Ahead

On the heels of unprecedented market activity, more insurers are filing for rate decreases, following a two-year period where increases swept the country. Second quarter numbers could offset the first quarter's rampant activity, but how could recent trade deals factor in? In the first half of the year, consumers raced to beat tariffs, increasing vehicle purchasing, which in turn led to an uptick in auto insurance shopping. If put into play, new trade deals could offset rate decreases and pockets of market stabilization, potentially re-writing the story for the second half of the year with new waves of activity.

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