



# LexisNexis® Insurance Demand Meter

A quick look at  
auto insurance  
shopping trends

ISSUE #7

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



## Overview

Significant swings in the monthly market growth numbers for 2021 persisted into the second quarter as we continued to compare to suppressed volumes in March and April 2020 from the COVID-related shutdowns. In 2020, the market rebounded in May and June spurred by the re-opening of states, creating a high hurdle for 2021 and resulting in negative year-over-year growth in June 2021.

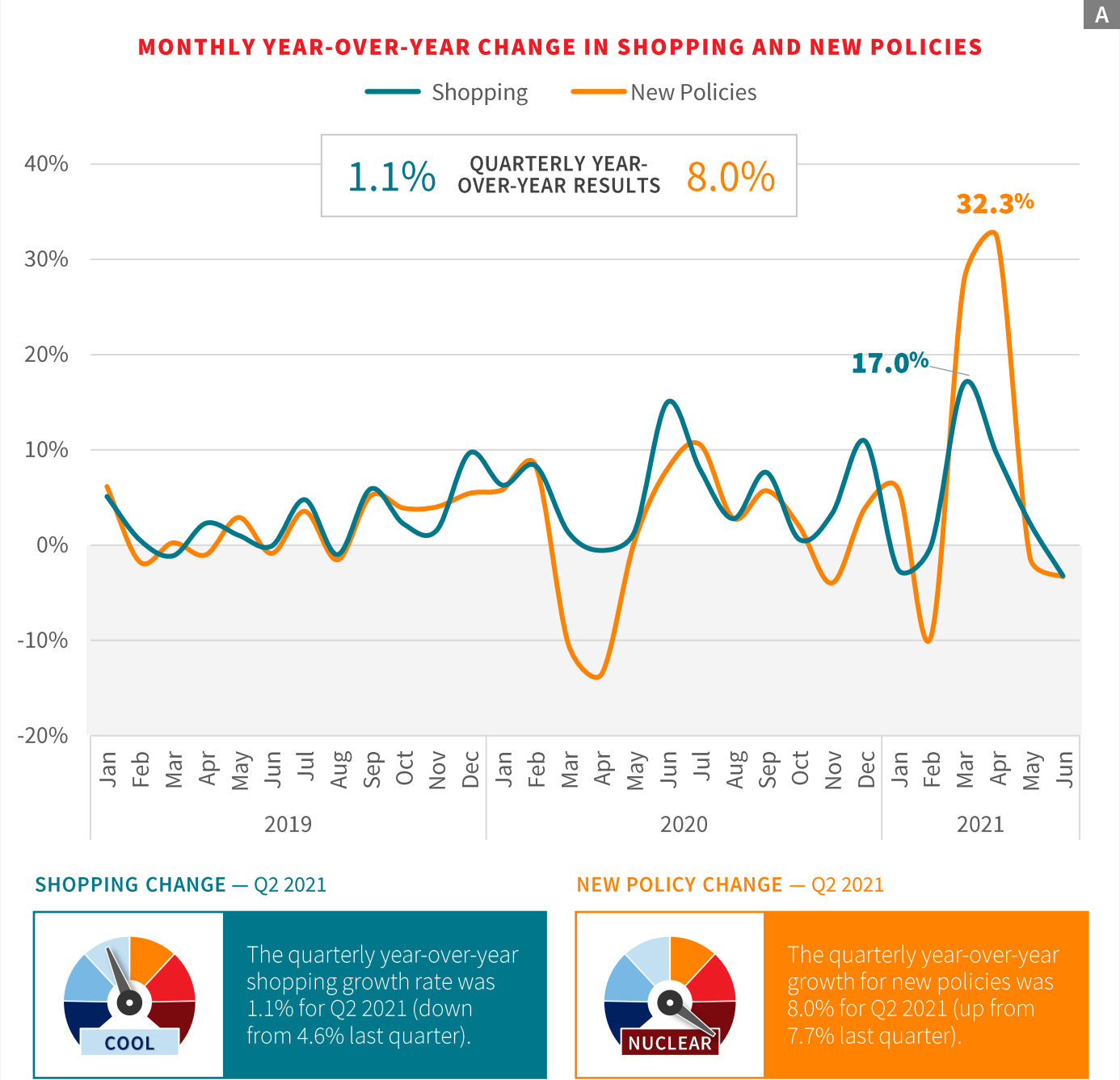
This edition of the Demand Meter provides context to the 2021 activity despite the noise caused by the 2020 volatility. For instance, even though there was negative shopping growth in May and June of 2021, the overall annual shop rate in Q2 2021 grew to 41.6%, another all-time high and a sign that people who don't traditionally shop are shopping at a higher rate. Additionally, we continue to see shifts in demographic data, and varying trends by distribution channel that began during the pandemic shutdowns and that have prevailed into the second quarter, with the exclusive agent distribution channel continuing to see the strongest growth.

## KEY TAKEAWAY

The new business surge that began in March continued into April, growing to 32.3%, but then slowed in May and June (see Chart A). The new policy and shopping growth in April was largely driven by lower volumes in 2020 that increased in May and June last year.



This created a high hurdle for this year so the slower growth in May and June was expected.



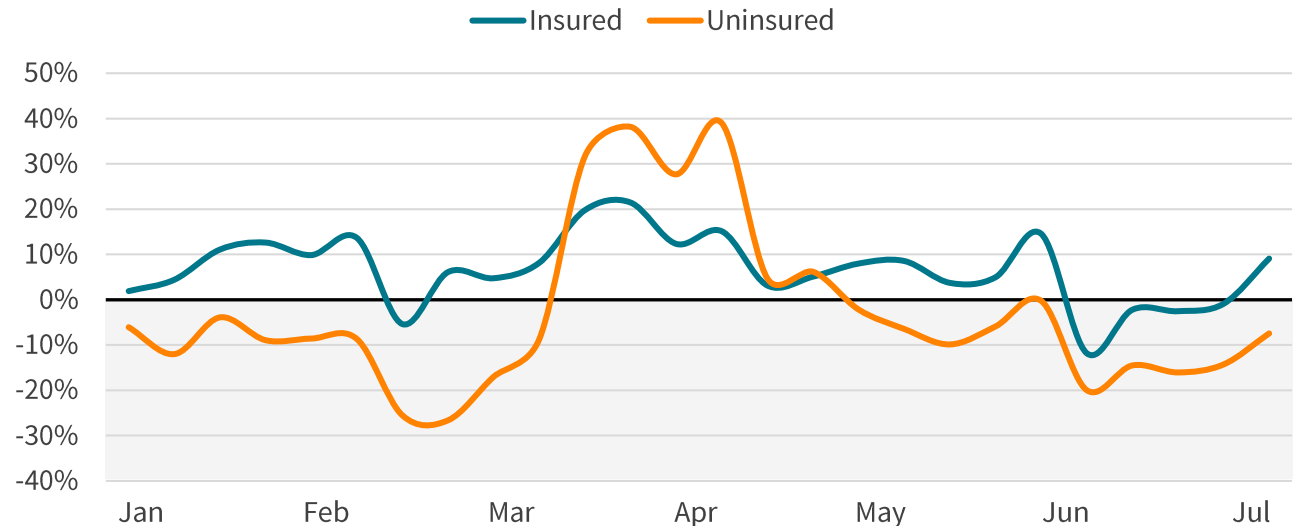
## New Business Volumes Outpace Traditional Levels

Second quarter growth from new business got a boost as we hurdled 2020's suppressed activity. Even with that anomaly, new business volumes in April were meaningfully higher than our normal seasonal pattern and remained above the level that we historically see in our data for most of the quarter. This appears to be driven, at least in part, by the unusually strong shopping by uninsured shoppers in late March with the delayed tax credit payments and stimulus checks that occurred during this time, as uninsured shoppers are more likely to purchase a policy than insured shoppers (see Chart B).

## Channel Factors: Use of Exclusive Agents Still on the Rise

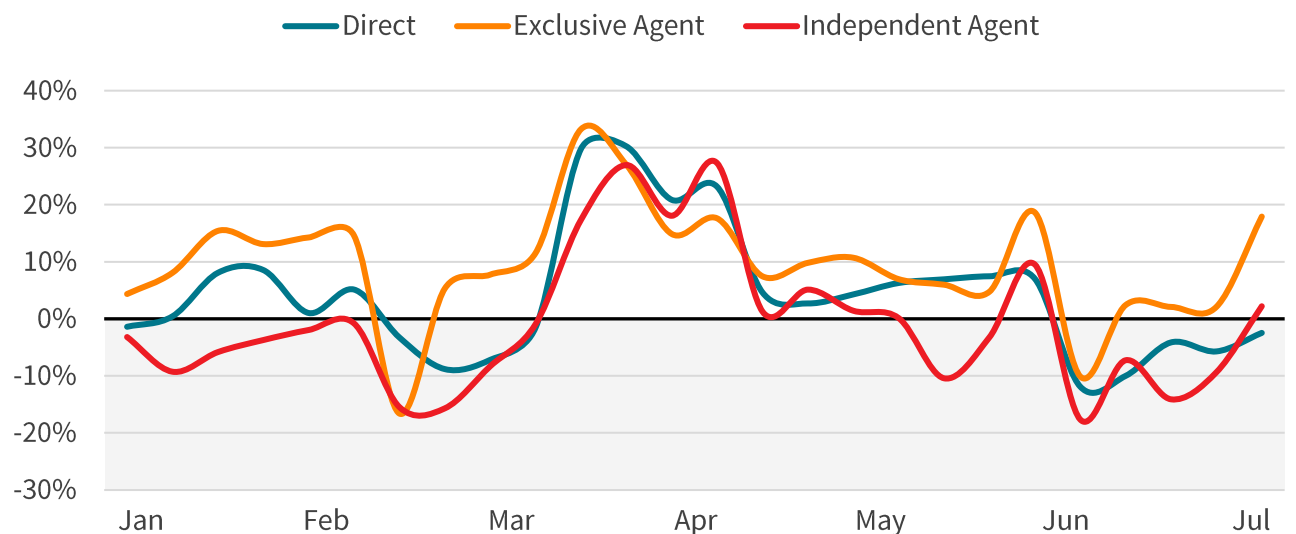
Continuing the trend that began in 2020, the exclusive agent channel outperformed the other two distribution channels again in Q2 2021, with peaks in late May and again in late June (see Chart C). The independent agent channel was the least preferred by shoppers, dropping to nearly 20% year over year in June.

**2021 SHOPPER VOLUME GROWTH (JAN 2<sup>nd</sup> – JULY 2<sup>nd</sup>)**



B

**2021 SHOPPING VOLUME GROWTH BY CHANNEL (JAN 2<sup>nd</sup> – JULY 2<sup>nd</sup>)**



C



**Uninsured Shoppers:**  
Strong results in April  
cooled off by June

## The Young Are Becoming Restless: Shopping Increases Among Younger Demographics

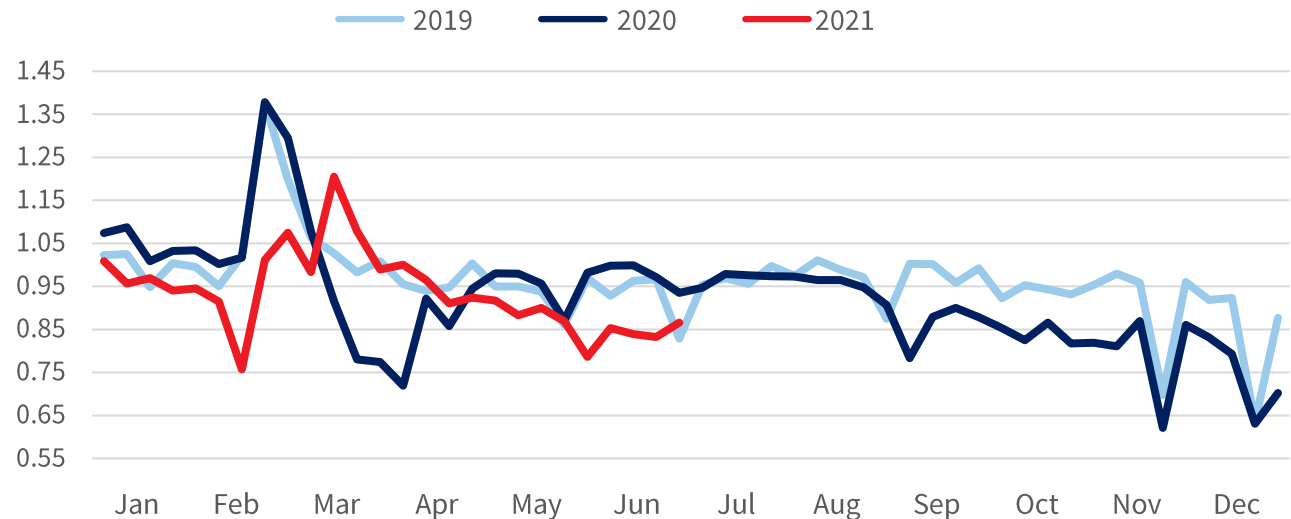
Last year, traditional age-related shopping patterns were upended as consumers adjusted to the pandemic and its economic fallout. In Q2 of 2020, we reported how the 66+ age group were shopping at a higher than average volume, yet shopping behavior among younger demographics – particularly those ages 26–45, was uncharacteristically lower. A year later, the reverse is true. In 2021, we see the growth in shoppers aged 16–45 rebound mid-March to mid-April — spurred on by the tax filing deadline extension, related refunds and stimulus checks — and remain the fastest growing groups, albeit at lower levels, in both May and June (see Chart E).

Note that to avoid the noise caused by the 2020 volatility, Chart E looks at the growth in shopping volume by age group in 2021 relative to 2019. Interestingly, we observed more similar growth rates for all age groups in May and June, as we did in January and February, though in inverse order.

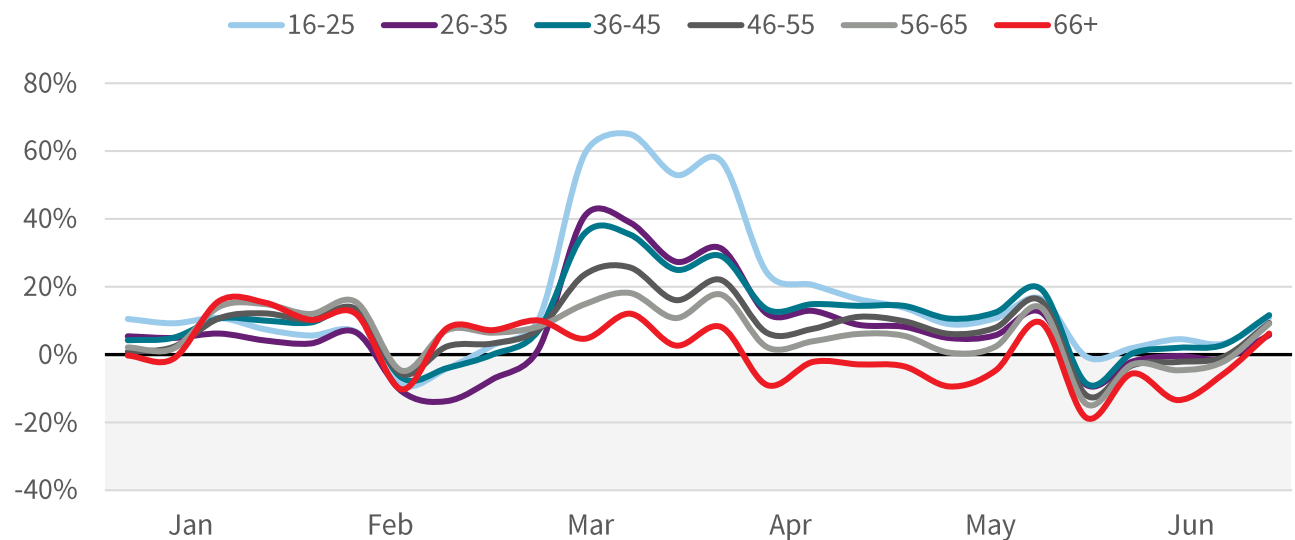


**Shopping in Q2 was**  
uncharacteristically  
strong among younger  
demographic groups

### UNINSURED SHOPPING VOLUMES ON A SIMILAR DAY BASIS



### 2021 SHOPPING VOLUME GROWTH BY AGE GROUP



D

E



**Adam Pichon**

Vice President and General  
Manager of Auto Insurance at  
LexisNexis Risk Solutions

“If we consider that 2020 was anything but normal — deviating significantly from the seasonal patterns of the prior three years — **2021 is proving to be similarly abnormal as change and disruption continue to occur.** As such, we will continue to monitor the macroeconomic and carrier-driven trends, as well as consumer behavioral changes, that will assuredly impact shopping and purchasing over the next several quarters.”

## Looking Ahead

With all the factors impacting the insurance market right now, ranging from changing state regulations to workers returning to offices to new car production delays and increased car prices, claim frequencies and severities are trending in a direction that will require all carriers to continue to evaluate their rate levels and adjust them in the near future. Historically, rate increases tied to increasing claims costs have led to increased shopping and switching in the market. As a result, we expect to see overall shopping volumes continue to grow during the second half of 2021.

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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