



Verisk's Core Lines Services Report

2024 Executive Insights: Personal Auto

1st Edition

Second-Quarter 2019 to First-Quarter 2024



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Report Summary: Personal Auto

This 1st edition of the 2024 Executive Insights: Personal Auto summarizes key trends in personal auto insurance from Q2 2019 to Q1 2024*.

Performance:

- In Q4 2022, both total and liability loss ratio peaked.
- Premium change increased 10.6% from 2022 to 2023, up from 7.2% the prior year.
- Across all Collision and Comprehensive deductibles, severity increased by 60% or more over the last five years.

What's Driving Losses:

- Collision frequency reached 6% in Q2 2021 for the first time since the pandemic.
- Weather-related losses, such as hurricanes in 2022 and wind and hail in 2023, impacted Comprehensive claims in recent years.
- Over 19% of all Comprehensive losses were due to animal collision.

On the Horizon:

- Hot topics in the industry include cyberattacks, electric vehicles, and autonomous driving.

Executive Insights is powered by Verisk's Core Lines Services and the statistical data collected from contributing carriers.

This report provides a preliminary snapshot of the state of Personal Auto insurance to help companies make data-driven decisions.

Key points about the data in this report:

- 1 The data and analysis is from **admitted business only** and is considered preliminary.
- 2 The losses are based on **accident year** and evaluated as of **March 31, 2024***.
- 3 Liability and No-Fault losses include allocated loss adjustment expenses (ALAE) but do not include unallocated loss adjustment expenses.
- 4 Loss development factors were applied to loss amounts and claim counts for all coverages (including ALAE for Liability and No-Fault) except for Uninsured/Underinsured Motorist coverages.
- 5 The report does not reflect trend adjustments often considered in actuarial reports.

See [Disclosures, Notes, and Considerations](#) for more details.



Overview of Personal Auto

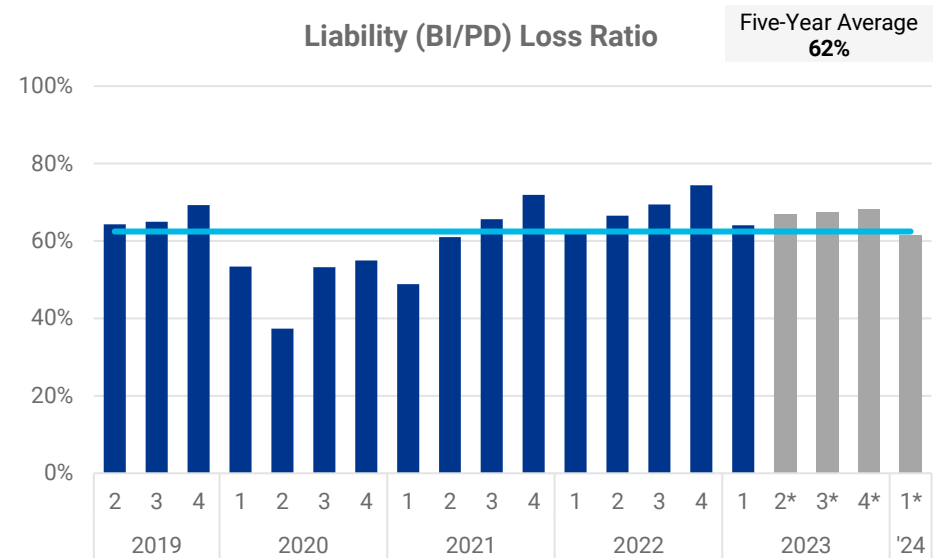
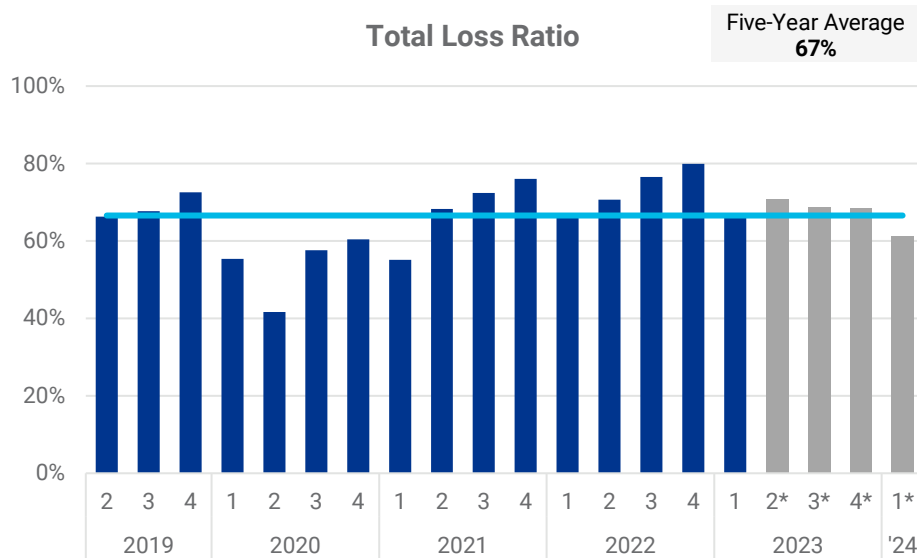
Total and Liability Loss Ratios

In Q4 2022, both total and liability loss ratio peaked.

Liability loss ratios in 2022 saw higher-than-average levels in NC, GA, and ND for both Bodily Injury (BI) and Property Damage (PD).

BI/PD coverage premiums accounted for 49% of total premium.

Loss development was applied to loss amounts (including ALAE, when relevant) and claim, however, the recent quarters are preliminary and subject to change.



Physical Damage Analysis

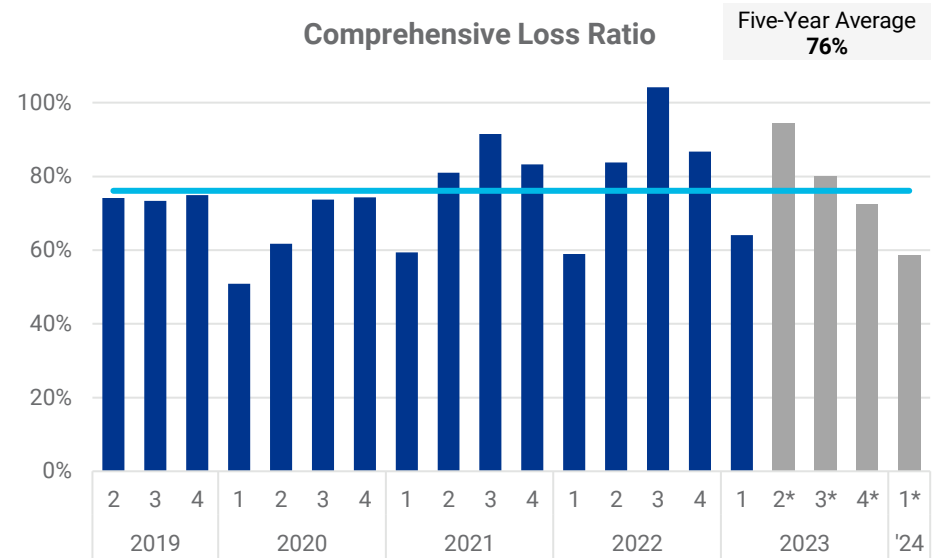
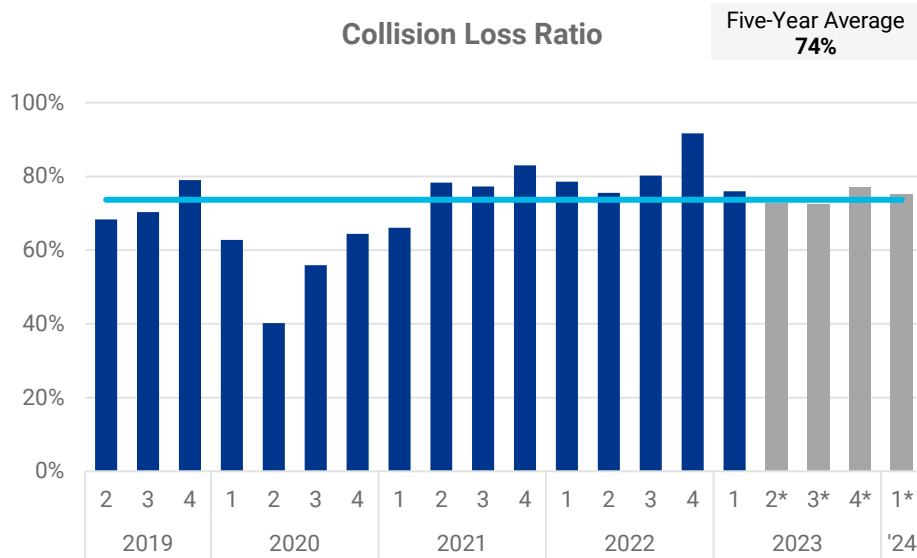
Collision and Comprehensive Loss Ratios

In Q4 2022, when Collision loss ratio peaked, over half of the states had loss ratios above 90%.

Comprehensive loss ratio peaked at 104% in Q3 2022, due to weather related losses during Hurricane Ian.

Comprehensive loss ratio saw seasonality with increased losses due to wind and hail in Q2 & Q3, hurricane and flooding in Q3, and animal collision in Q4.

Loss development was applied to claims and losses, however, the recent quarters are preliminary and subject to change.



Coverage Analysis

Comparing the last four quarters to the prior period, Collision severity increased by 17%, more than any other coverage

Coverage		Measure	Q2 2019 – Q1 2024*	Q2 2022 – Q1 2023	Q2 2023 – Q1 2024*
Liability	Bodily Injury	Loss Ratio	62%	65%	63%
		Severity	\$21,918	\$23,567	\$25,118
		Frequency	0.8%	0.8%	0.7%
	Property Damage	Loss Ratio	66%	76%	73%
		Severity	\$4,694	\$5,279	\$5,844
		Frequency	2.7%	2.7%	2.6%
No-Fault	No-Fault	Loss Ratio	60%	64%	60%
		Severity	\$8,748	\$8,883	\$8,867
		Frequency	1.3%	1.3%	1.3%
Physical Damage	Collision	Loss Ratio	74%	81%	74%
		Severity	\$5,473	\$6,123	\$7,155
		Frequency	5.1%	5.0%	4.5%
	Comprehensive	Loss Ratio	76%	84%	76%
		Severity	\$1,711	\$1,997	\$2,191
		Frequency	7.1%	6.8%	6.4%

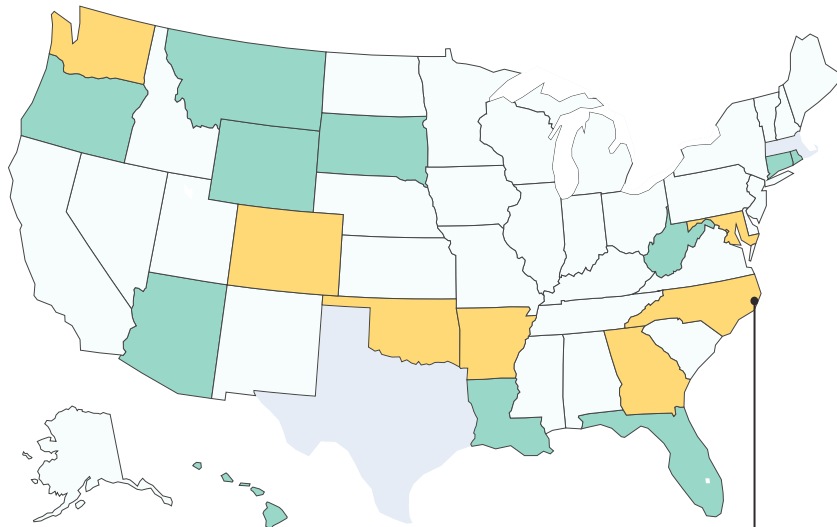


View from the States

Here's how individual states compared to the national average loss ratio from Q2 2023 to Q1 2024*

Total Loss Ratio

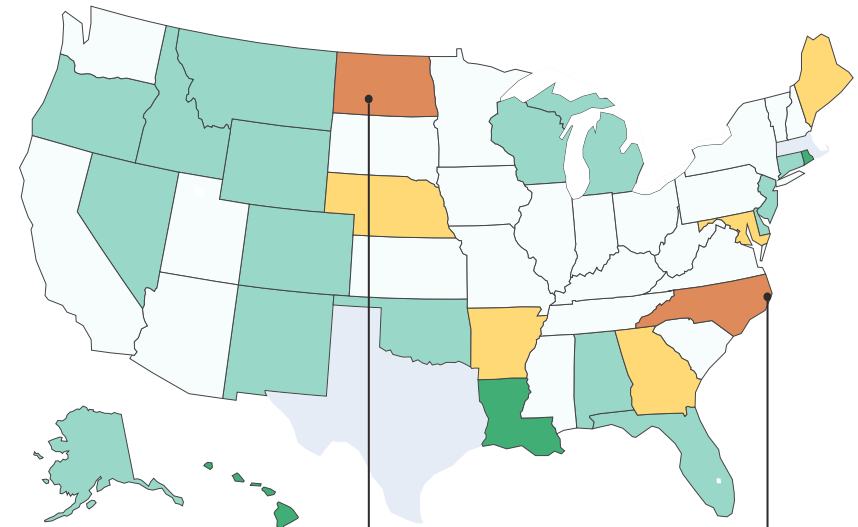
State vs. National Average (67%)



NC had the highest overall loss ratio at 77%, driven by high Collision and Liability losses

Liability (BI/PD) Loss Ratio

State vs. National Average (66%)



ND had the second highest Liability loss ratio of 86% with high losses for both BI and PD

NC had the highest Liability loss ratio of 93%

Loss ratio percentage point (PPT) difference

- Much better than average: -15 points or more below
- Better than average: -15 to -5 points below
- Average: -5 to 5 points
- Worse than average: 5 to 15 points above
- Much worse than average: 15 points or more
- No data available†

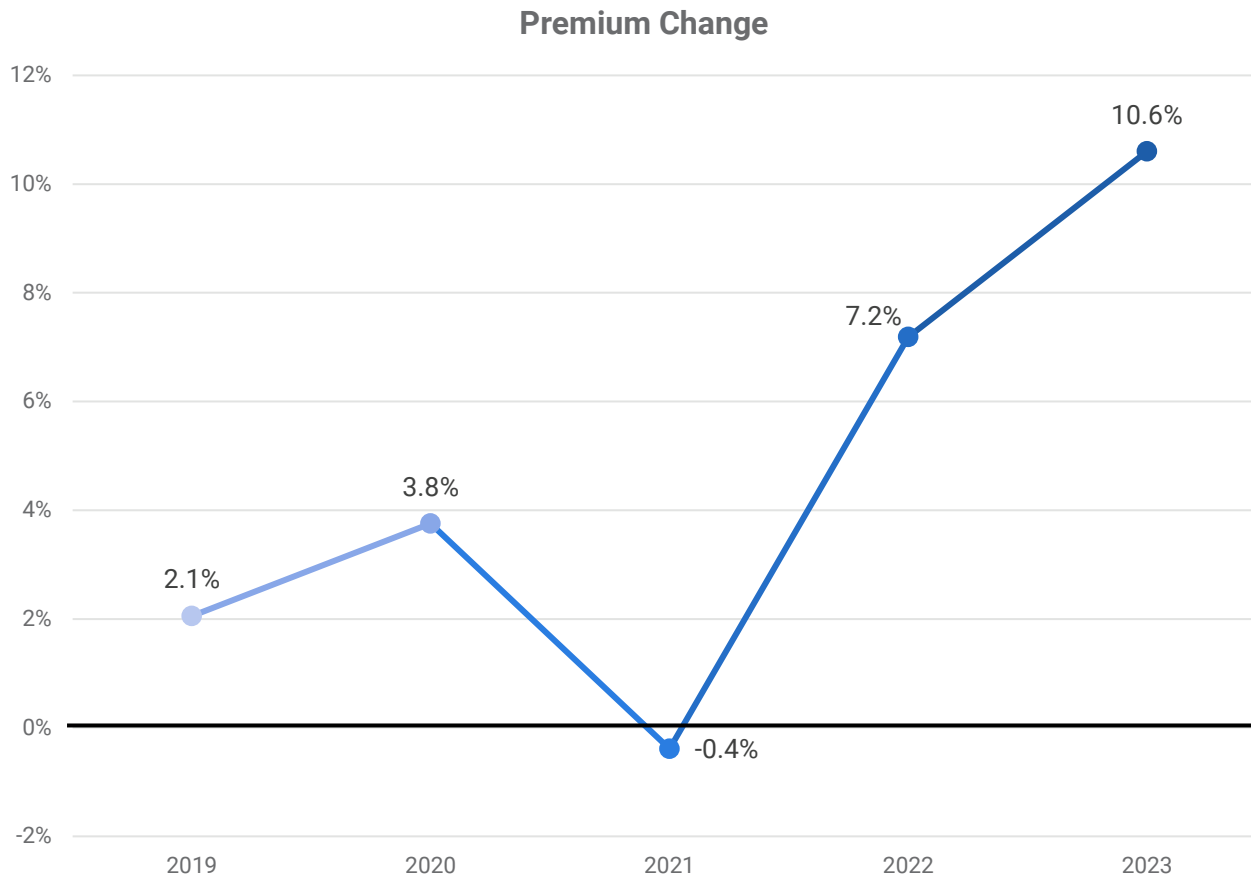
Key points about the data*:

- Only admitted data is included.
- The Liability loss ratio is based on the Bodily Injury and Property Damage earned premium and losses only.
- Liability and No-Fault losses reflect allocated loss adjustment expenses (ALAE) but do not include a provision for unallocated loss adjustment expenses.



Premium Change

Premium changes continued to reach new peaks in 2023



Key changes

2023
10.6%

2022
7.2%

2019–2021
(AVERAGE)
1.8%

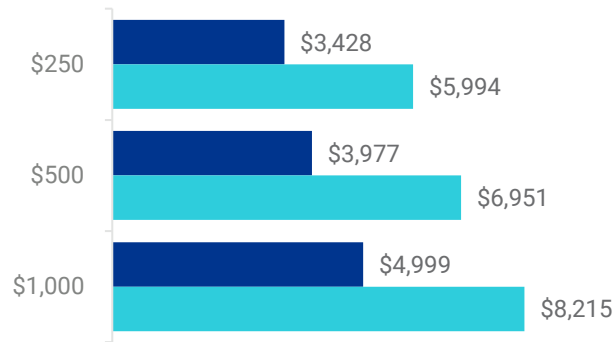


Physical Damage Severity by Deductibles

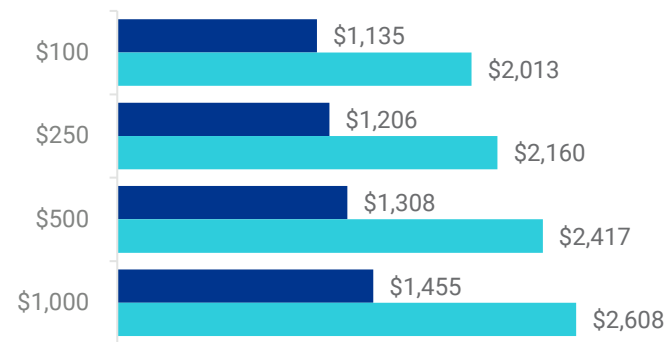
Across all Collision and Comprehensive deductibles, severity increased by 60% or more

Q2 2019 – Q1 2020
Q2 2023 – Q1 2024*

Collision Severity by Deductible



Comprehensive Severity by Deductible



\$500 remained the most common **deductible** for both **Collision** and **Comprehensive** coverages over the five-year period.

Severity for the **\$250 Collision deductible** increased by **75%** (from **\$3,428** to **\$5,994**).

Severity for the **\$500 Comprehensive deductible** increased by **85%** (from **\$1,308** to **\$2,417**).

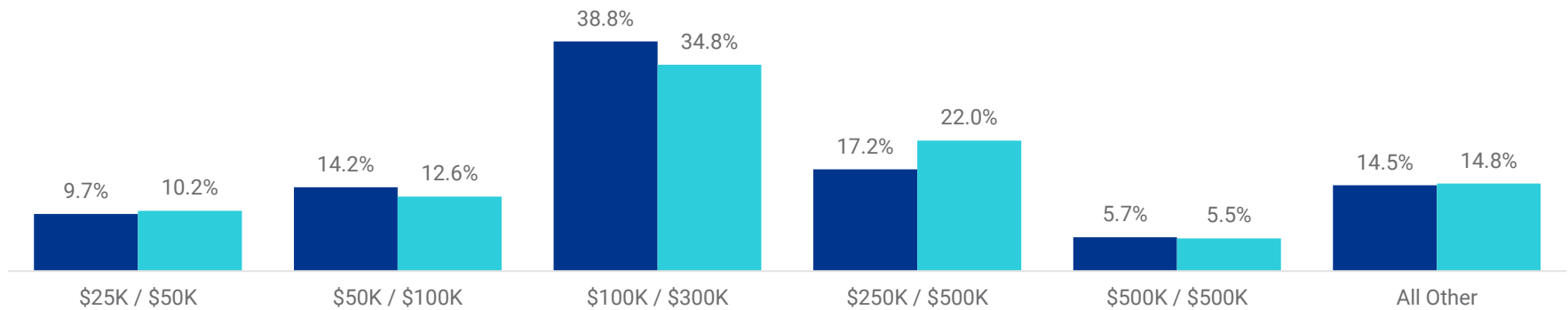


Shifts in Liability Limits

The bulk of earned car years have remained with \$100K/\$300K Liability limits

Q2 2019 – Q1 2020
Q2 2023 – Q1 2024*

Earned Car Year Distribution by Liability Limits



The top Liability limit option of **\$100K/\$300K** decreased by **4.0 PPT**.

\$250K/\$500K Liability limits increased by **4.8 PPT**.

\$15K/\$30K, \$30K/\$60K, \$300K/\$500K, \$500K/\$1M, and other Liability limits were grouped into the “All Other” category.



Loss Distribution by Coverage

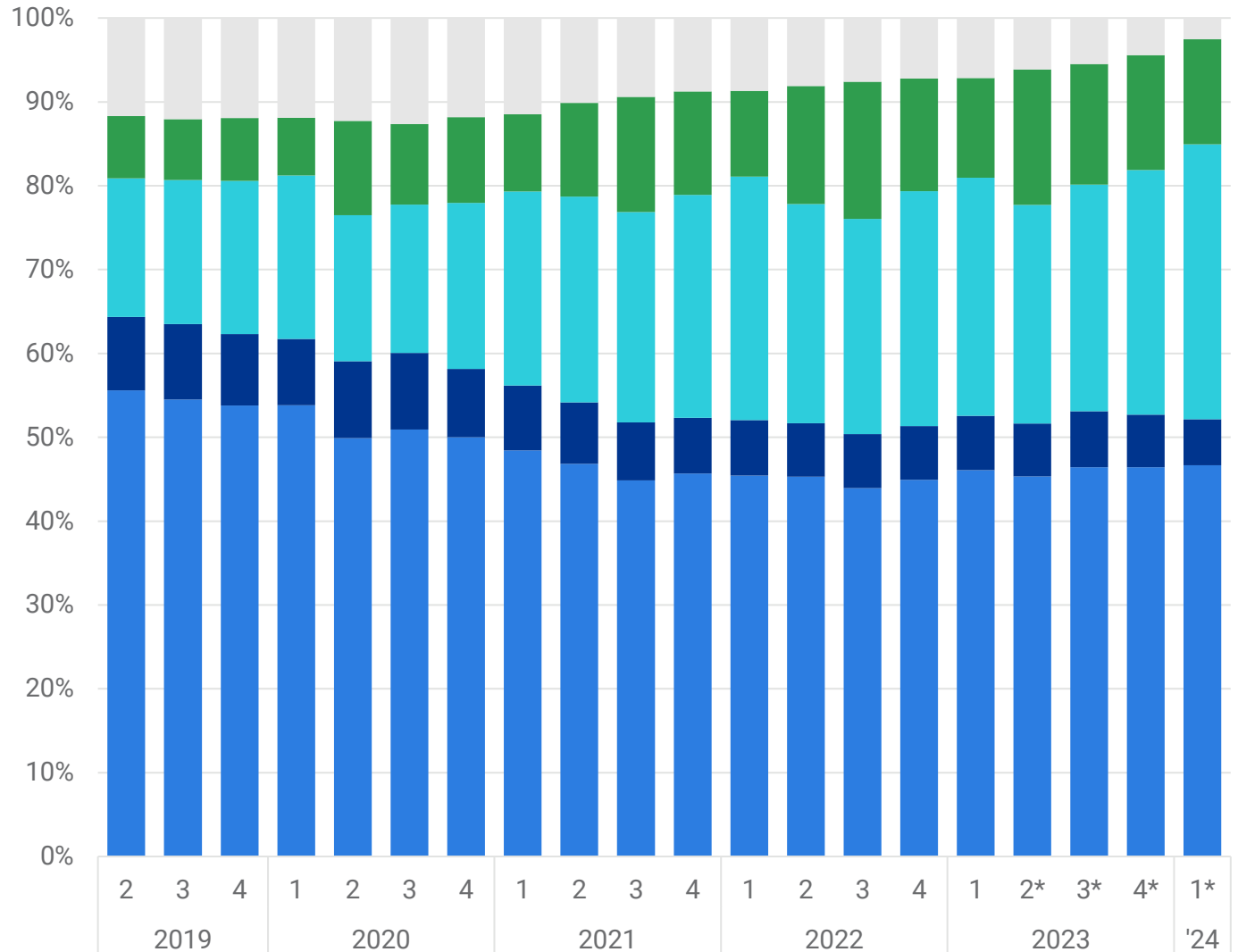
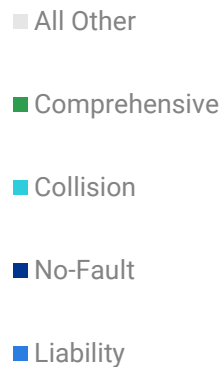
Due to the significant growth in Collision and Comprehensive losses, distribution percentages increased by 71% from the first four quarters to the most recent four quarters

Analysis of total losses

Physical Damage losses averaged **37%** over the five-year period.

Collision losses grew to **29%** in the last four quarters, compared to **18%** in the first four quarters.

Liability losses made up **48%**.



Liability and Physical Damage

Of the three major coverages, Liability had the highest severity, while Comprehensive had the highest frequency

Liability claims consisted of **PD (78%)** and **BI (22%)**.

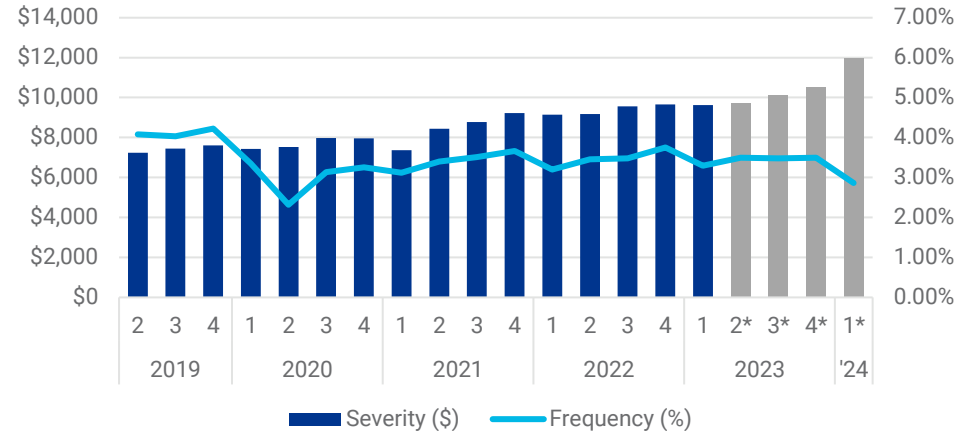
Liability had the highest severity of the three largest coverages, and was made up of **BI** and **PD** claims, with **\$21.9K** and **\$4.7K** average severity, respectively.

Collision frequency reached **6%** in Q2 2021 for the first time since the pandemic.

Comprehensive severity and frequency fluctuated during major weather events.

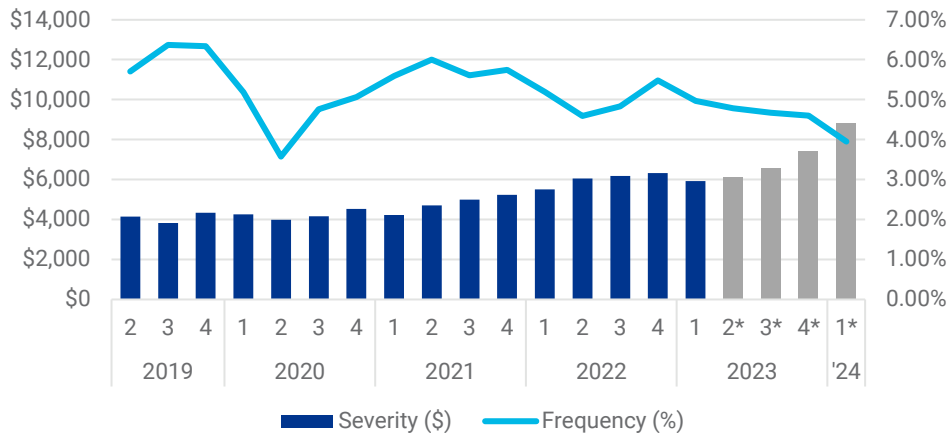
Liability (BI/PD)
Severity and Frequency

Five-Year Average
Severity: **\$8,791**
Frequency: **3.43%**



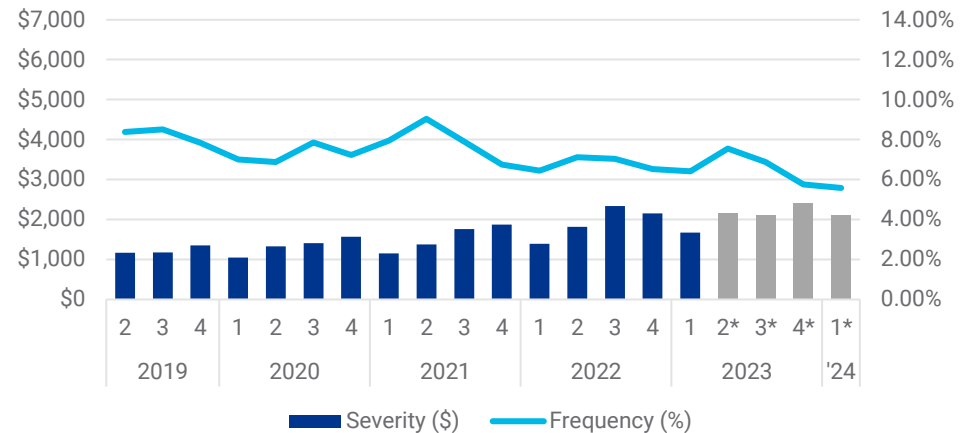
Collision
Severity and Frequency

Five-Year Average
Severity: **\$5,473**
Frequency: **5.10%**



Comprehensive
Severity and Frequency

Five-Year Average
Severity: **\$1,711**
Frequency: **7.11%**



Comprehensive Claims – Weather

Hail seasonality had an impact on weather claims, with high frequency in Q2 and Q3 of most years

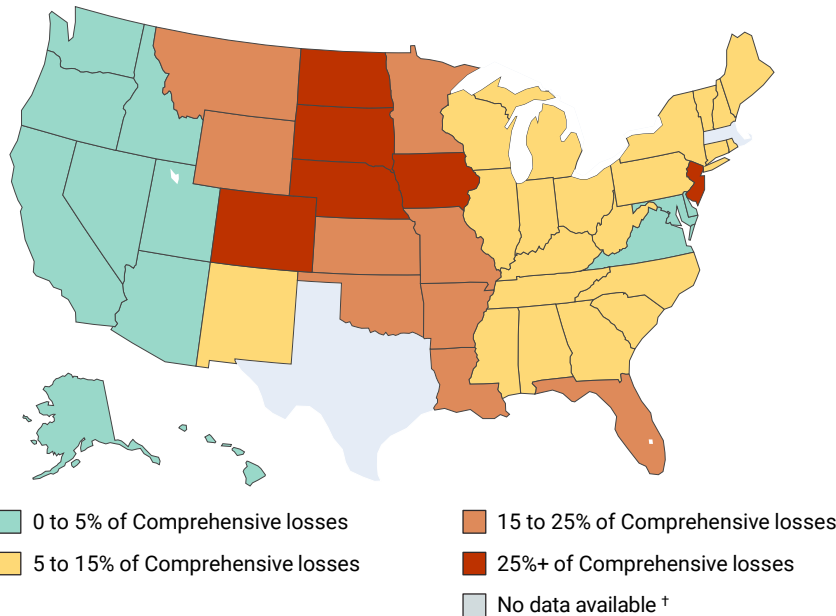
The Comprehensive **loss ratio** in FL in Q3 2022 was **568%** when Hurricane Ian heavily impacted the state.

Severity peaked in Q3 2022, with windstorm seeing highest severity from Hurricane Ian in FL, and highest flood and rising water severity in MT, ID, and KS.

Frequency peaked in Q2 2023 due to wind and hail claims in CO, AR, and OK.

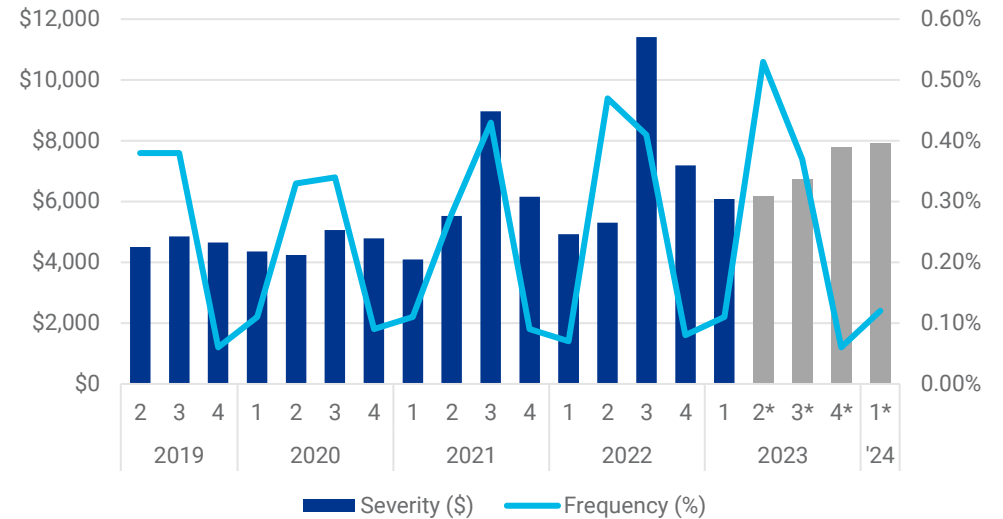
Electric vehicles submerged during flooding, like in Hurricane Ian, suffered battery corrosion from the saltwater that resulted in **fire risk** for weeks after.¹

Weather Losses Percent of State Total Comprehensive Losses
Five-Year Period



Comprehensive (Weather) Severity and Frequency

Five-Year Average
Severity: **\$6,502**
Frequency: **0.24%**



*The data is preliminary and subject to change. Claim counts and losses are expected to increase as they are reported over time, especially in the most recent quarters.

†ISO is not a statistical agent for Texas or Massachusetts. Data is evaluated as of March 31, 2024. See [Disclosures, Notes, and Considerations](#) for more information.

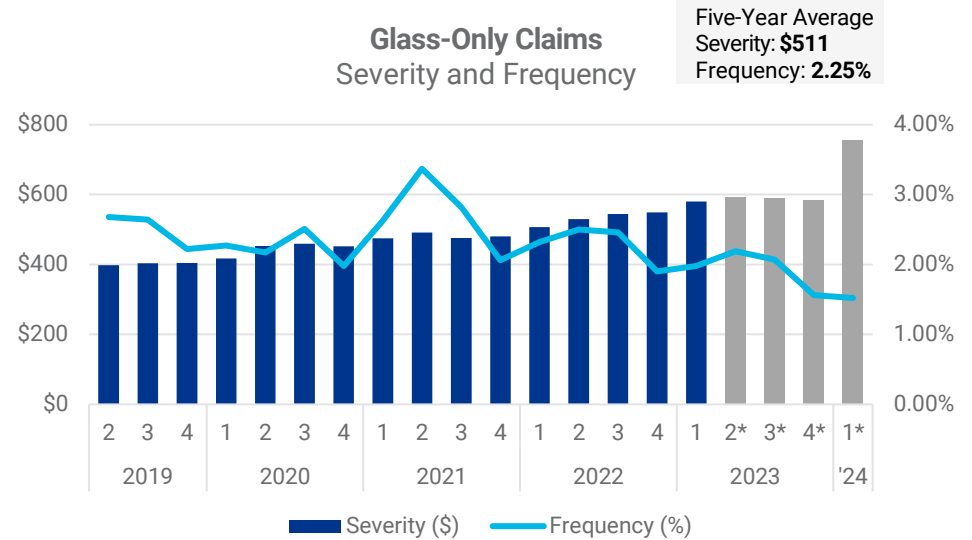
Comprehensive Claims – Glass and Animal Collision

Comprehensive severity increased for various types of losses

Glass-only claims severity increased **54%** from the first four quarters to the most recent four quarters.



The largest **severity increases** were in **NJ (+99%), KS (+97%),** and **MO (+84%)**.

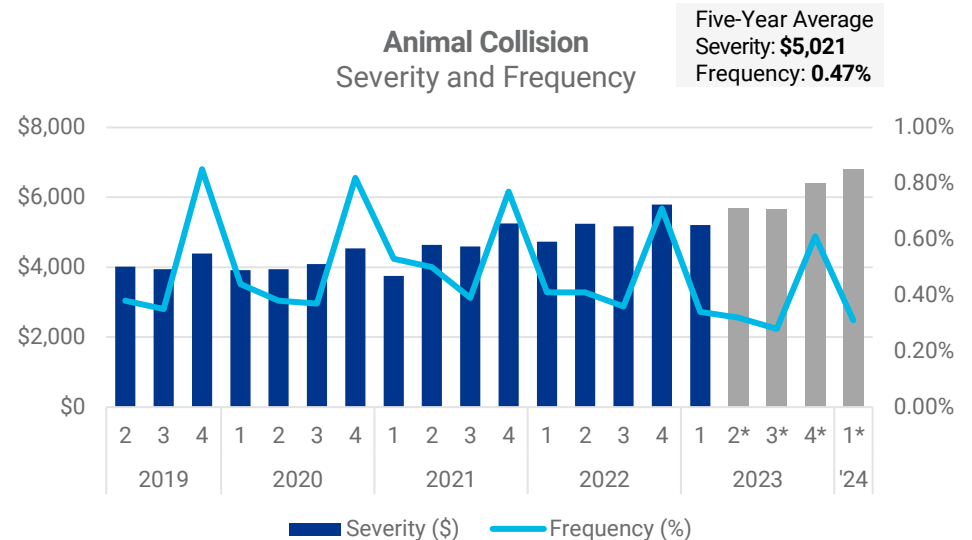


Nearly **7%** of all Comprehensive claim counts were due to animal Collision.



Over **19%** of all Comprehensive losses were due to animal collision.

Highest animal collision frequency was seen in **WV (1.40%), ND (1.07%),** and **MI (1.01%)** during the five-year period.



Salvage and Subrogation – Percent of Indemnity Paid

Salvage and subrogation offset Collision indemnity by 10% and 14%, respectively

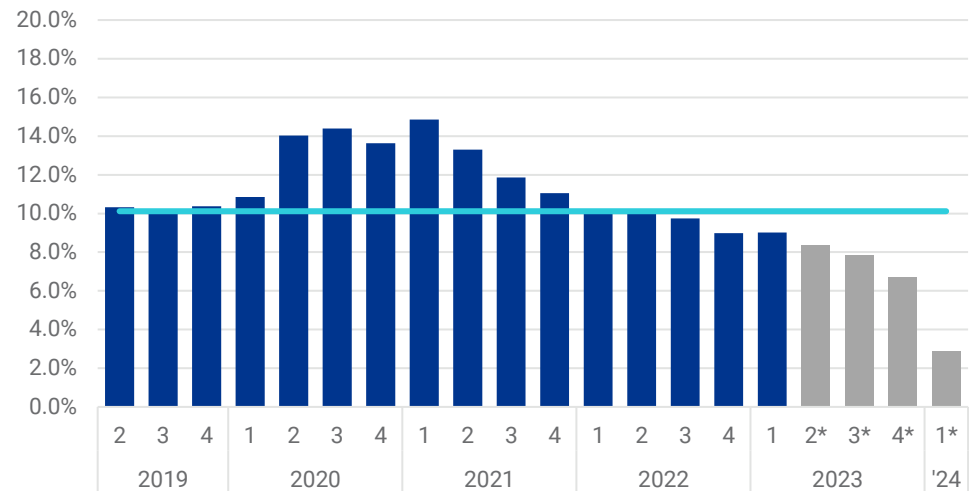


Salvage recovered amounts in **2020** were the highest at **13.2% of Collision indemnity**.

According to Verisk Claims Solutions experts, **salvage** claims were typically closed within **4 months**.

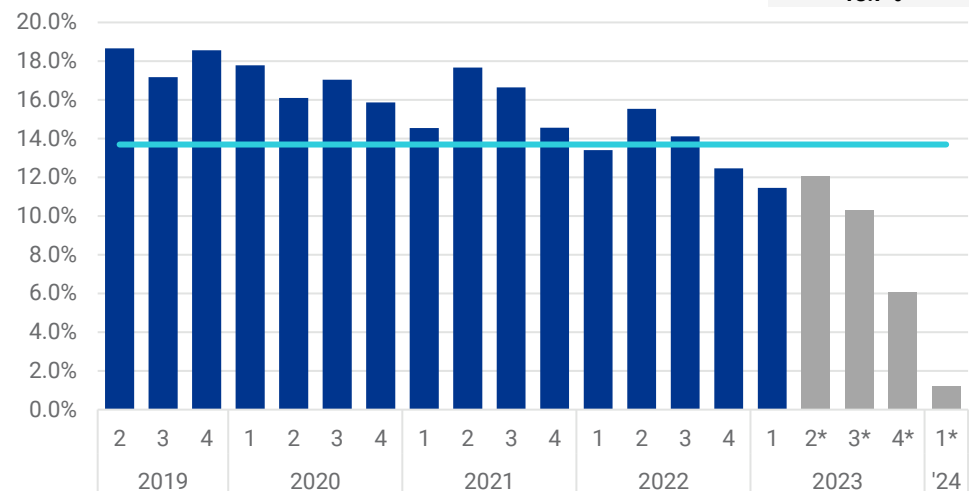
Salvage

Five-Year Average
10.1%



Subrogation

Five-Year Average
13.7%



Subrogation decreased from **18.2% of Collision indemnity in 2019** to **16.7% in 2020**.

According to Verisk Claims Solutions experts, considerations coming into play for subrogation recovery include:

- the **subrogation** process generally taking **9-12 months** after a claim
- reducing demand amounts deemed 'unreasonable' by using aftermarket parts or reducing labor costs



On the Horizon

Connected Vehicles and Data Privacy²



There was a **50% increase** in reported cyberattacks against vehicles since 2019.

These attacks increased the potential risk of data theft.



Nearly **two-thirds** of auto industry leaders believe their supply chain is vulnerable to cyberattacks.

Electric Vehicle (EV) Innovation³



The median range for an electric vehicle (model year 2021) is **234 miles**.

“Range anxiety”, the fear that an EV battery may not last to your next destination, is still a concern.



Emerging battery technologies look to give drivers more range and reduce the risk of battery fires.

Autonomous Vehicles⁴



As of April 2024, Mercedes was the first automaker to sell a vehicle with **Level 3 autonomy**, now available in CA and NV.

Level 3 can only be activated during the day, when in moderate-to-heavy traffic under **40 miles per hour**, and the driver is clearly visible by the camera above the driver’s display.



Robotaxis and robotrucks are being tested in commercial markets in AZ, CA, and NV, with plans to expand to TX.

Meanwhile, the National Highway Transportation Safety Administration is **investigating four autonomous vehicle firms** over safety incidents.

For more details on these topics and more, go to Verisk’s [Personal Auto Hub](#).



Disclosures, Notes, and Considerations

This report represents a preliminary analysis of certain statistical data based on companies that report to Verisk via the ISO Statistical Plan. This report is for illustrative purposes only. It may not be, nor should it be relied upon for completeness, accuracy or currency of the information contained herein. In addition, this report may be changed, suspended or discontinued at any time for any reason at the sole discretion of Verisk.

This data compilation is based on statistics reported to Verisk with sufficient detail using the instructions set forth in the ISO Personal Automobile Statistical Plan. Data may vary from an individual insurer's data and does not represent the entirety of the personal auto market, but rather those carriers that leverage Verisk for its statistical agent services.

The losses are presented on an accident year basis and evaluated as of March 31, 2024, and are considered preliminary.

As part of the data review process, the following data exclusions are most notable:

- Data for any insurer group that did not report data in a timely fashion or that reported data with significant quality issues
- Invalid data (including negative case reserves, negative written premiums, etc.)
- Loss records for which no corresponding premium record exists
- Experience for Texas and Massachusetts, since ISO is not a statistical agent in these states for Personal Auto and does not collect experience for this line of business
- Assigned Risk experience
- Non-standard automobile experience
- No-Fault experience reported in states other than Connecticut, Delaware, District of Columbia, Florida, Hawaii, Illinois, Kansas, Kentucky, Maryland, Michigan, Minnesota, New Jersey, New York, North Dakota, Oregon, Pennsylvania, South Carolina, Utah, and Washington.

Additional notes:

The report does not reflect certain adjustments often considered in actuarial reports. Specifically, we note that the experience provided for personal auto has not been adjusted to include any premium or exposure trend.

Coverage

Coverage dimensions are based on the reported Verisk Sublines. Coverage indicates overall coverage type (Liability, No-Fault, or Physical Damage). Within this report, we may also use the term "coverage" interchangeably with certain sublines which are included within a broader coverage group. Sublines are assigned to the following coverages:

- Liability
 - Bodily Injury
 - Property Damage
 - Combined Bodily Injury and Property Damage
 - Medical Payments
 - Uninsured Motorist Bodily Injury
 - Uninsured Motorist Property Damage
 - Combined Uninsured Motorist Bodily Injury and Property Damage
 - Underinsured Motorist Bodily Injury
 - Underinsured Motorist Property Damage
 - Combined Underinsured Motorist Bodily Injury and Property Damage
 - Combined Uninsured and Underinsured Bodily Injury
 - Combined Uninsured and Underinsured Property Damage
 - Combined Uninsured and Underinsured Bodily Injury and Property Damage
- No-Fault
 - No-Fault
 - No-Fault - Managed Care Option (MCO)
- Physical Damage
 - Collision
 - Other Than Collision (Comprehensive)
 - Other Than Collision Including Collision (Combined Comprehensive and Collision)



Disclosures, Notes, and Considerations (continued)

Loss Ratio

Total loss ratio is calculated using the total developed incurred losses divided by total earned premium for all coverages.

For partial loss ratios, the losses and premium for a specific coverage or subline are used for this calculation.

- Liability loss ratios were observed by comparing Bodily Injury and Property Damage types of losses to the Liability base premiums.
- Physical Damage coverage (Collision and/or Comprehensive) loss ratios were observed for customers who purchased these coverages by comparing coverage specific types of losses to the coverage premium.

Frequency

Frequency is calculated using the claim count incurred divided by earned exposures. Different types of losses utilize different earned exposures for frequency calculations:

- For Liability (BI/PD) frequency, we use the sublines Bodily Injury and Combined Bodily Injury and Property Damage to determine the overall exposures for calculating frequency.
- For Collision frequency and all types of loss which are only for Collision-related claims, we use the Collision earned exposures.
- For Comprehensive frequency and all types of loss which are only for Comprehensive-related claims (glass-only, weather, animal collision, etc.), we use the Comprehensive earned exposures.

Uninsured/Underinsured Motorist (UM/UIM) Earned Car Years

Due to differing UM/UIM laws and data sets, UM and UIM is excluded from exposure values.

Weather Losses

Weather claims and losses were described as flood, rising water, windstorm, earthquake, hail, explosion, and water damage.

Not Otherwise Classified Losses

Some losses may be considered “Not Otherwise Classified” (NOC) losses. This category includes data that was reported to ISO Data under an “All Other” code or in a code that does not refer to one of the categories shown.



Disclaimers and References

- (1) “Electric Vehicles in Focus, Part III: Electric Vehicle Fire Risk,” <https://core.verisk.com/Insights/Emerging-Issues/Articles/2023/August/Week-4/Electric-Vehicle-Fire-Risk>, accessed on July 25, 2024
- (2) “Are Connected Vehicles a Privacy and National Security Risk to the U.S.?” <https://core.verisk.com/Insights/Emerging-Issues/Articles/2024/March/Week-3/Are-Connected-Vehicles-a-Privacy-and-National-Security-Risk-to-the-US>, accessed on June 27, 2024
- (3) “Electric Vehicles in Focus, Part VII: Future Innovations, Future Risks,” <https://core.verisk.com/Insights/Emerging-Issues/Articles/2023/October/Week-2/The-Future-of-the-Electric-Vehicle-and-the-Gas-Station>, accessed on June 27, 2024
- (4) “Autonomous Vehicles: What Have We Learned So Far?,” <https://core.verisk.com/Insights/Emerging-Issues/Articles/2024/June/Week-2/Autonomous-Vehicle-Safety-in-Focus-After-Government-Investigations>, accessed on July 16, 2024



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- [Emerging Issues](#)

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