


Antitrust Notice

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P&C Insurance Trends

Martin Ellingsworth, Executive Managing Director,
P&C Insurance Intelligence, J.D. Power

J.D. POWER

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Focused Market Opportunities

WHERE THE INDUSTRY IS

- Crisis Mode
- Legacy Systems
- Product-centric

WHERE THE INDUSTRY IS HEADING

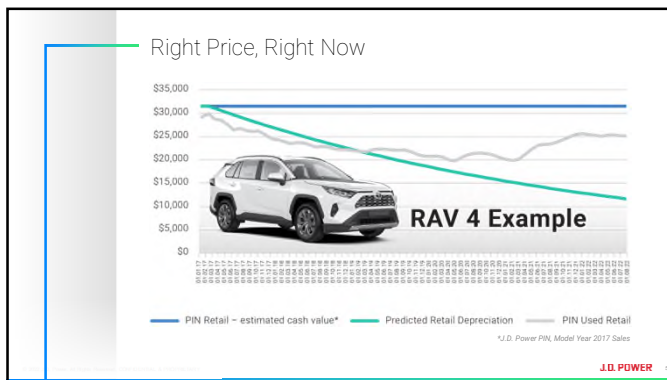
- Lifetime Value
- Right Data/Connected Customer
- Personalization

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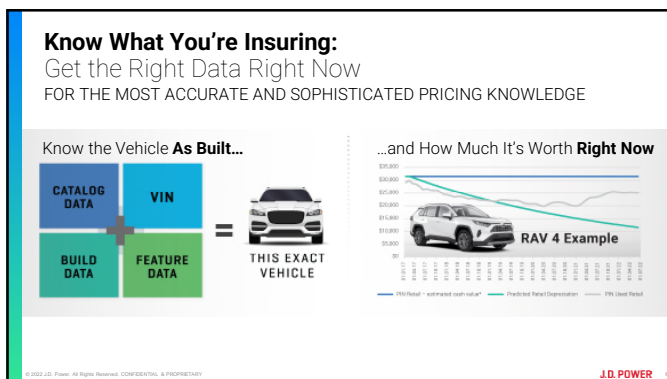
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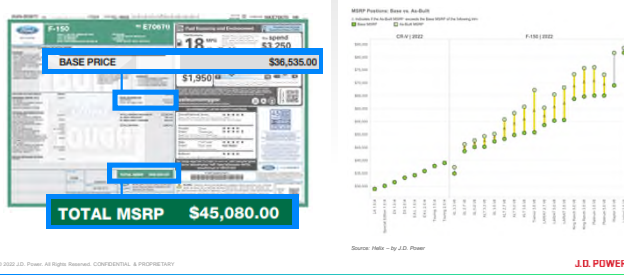


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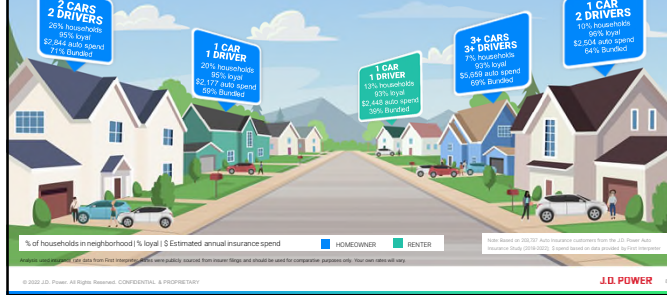
Price Over MSRP – Gap between window sticker values



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Insurance Neighborhood

These 5 examples represent 76% of U.S. households with auto insurance

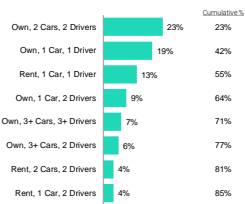


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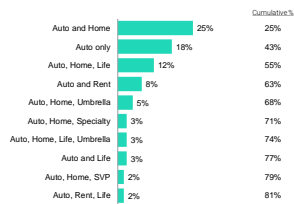
Household Insurance Needs

Nearly one-in-four insurance households own their home and are a two-car, two-driver household. Carriers need to be aware of the customer as a household and not simply a policy number.

Household Mobility and Living Situation



Household Insurance Product Wallet (Any Company)



Opportunity Size: 14% of Auto customers have a Homeowners policy that is not bundled

Source: J.D. Power 2022 U.S. Auto Insurance Study

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DISCUSSION


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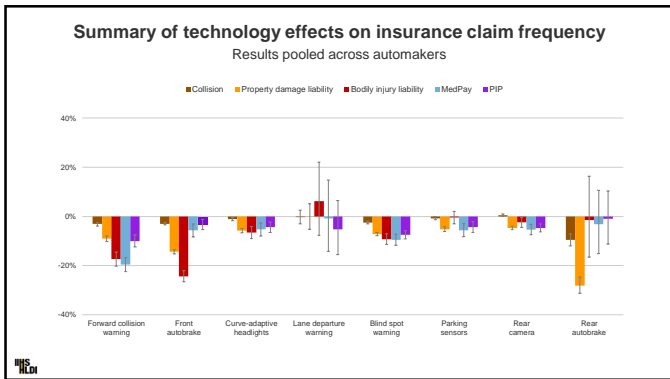
ADAS and Automated Driving Systems
Impact on Insurance Outcomes



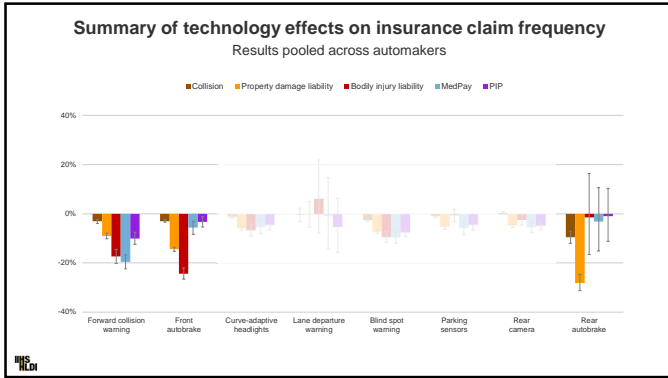
Matt Moore
 Senior Vice President, HLDI



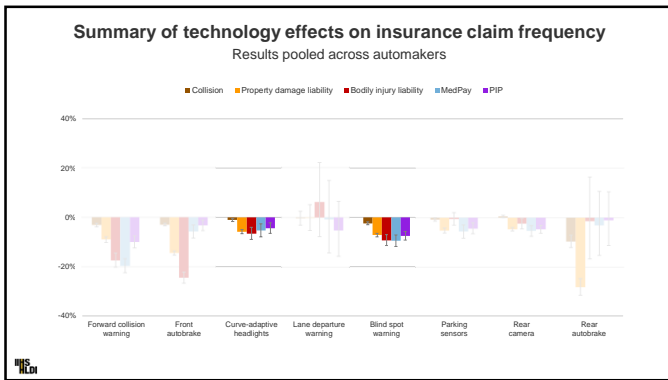
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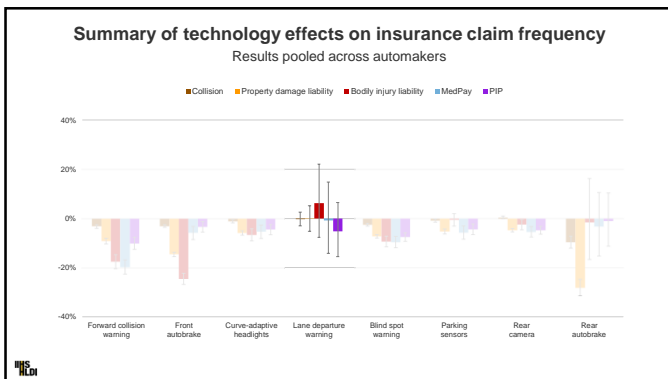
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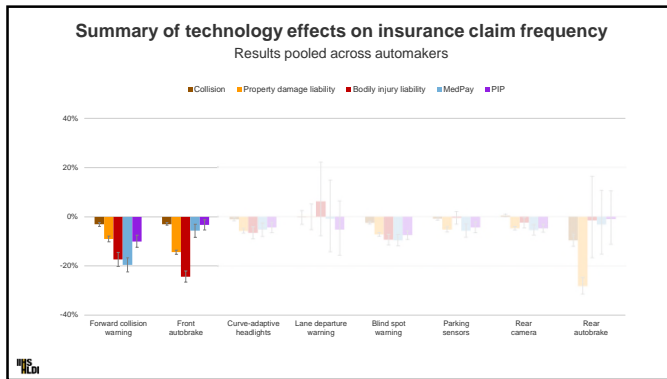
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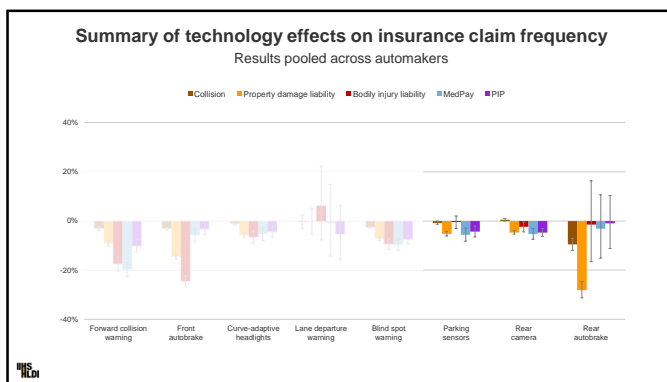
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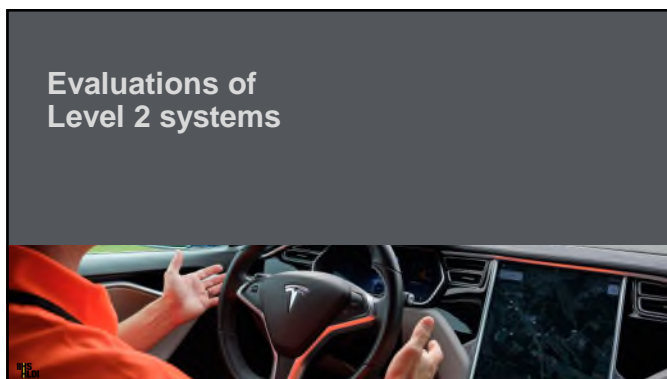
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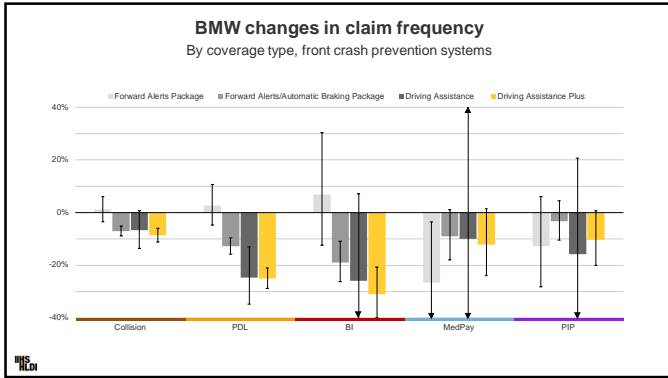
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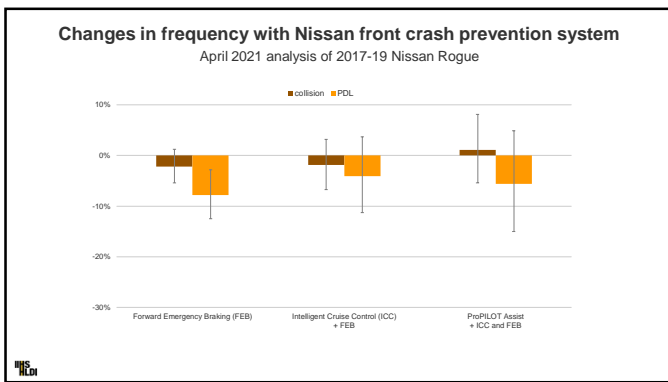
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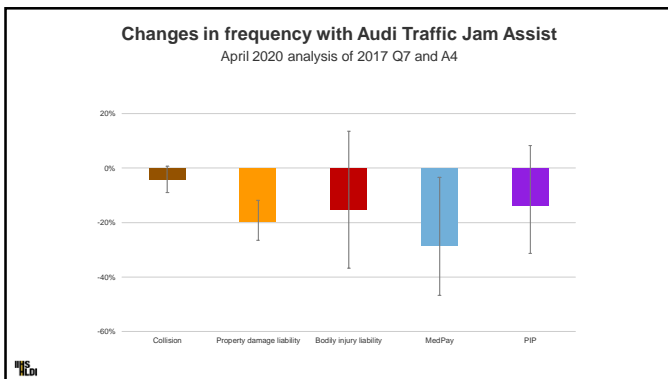
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Cadillac Super Cruise



CADILLAC CONNECTED SERVICES⁺

Super Cruise functionality is enabled by a data connection for real-time, precise positioning and periodic Super Cruise map updates. In order to operate Super Cruise, you must have an active and eligible Cadillac Connected Services⁺ plan. Super Cruise vehicles are also connected to OnStar[®] Emergency Services,¹ so Emergency-Certified OnStar Advisors can assist drivers should they become nonresponsive while Super Cruise is active.

All Super Cruise-equipped vehicles include 3 years of connectivity to support functionality, after which a Connected Services⁺ plan must be purchased.

SUPPORT FUNCTIONALITY

CADILLAC CONNECTED SERVICES⁺


Super Cruise functionality is enabled by a data connection for real-time, precise positioning and periodic Super Cruise map updates. In order to operate Super Cruise, you must have an active and eligible Cadillac Connected Services⁺ plan. Super Cruise vehicles are also connected to OnStar[®] Emergency Services,¹ so Emergency-Certified OnStar Advisors can assist drivers should they become nonresponsive while Super Cruise is active.

All Super Cruise-equipped vehicles include 3 years of connectivity to support functionality, after which a Connected Services⁺ plan must be purchased.

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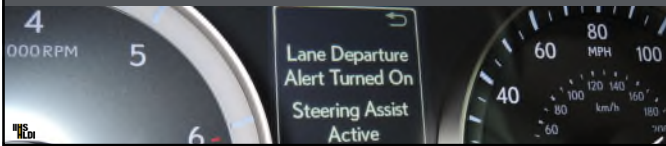
Ford BlueCruise

- Hands-free driving on prequalified divided highways
- One-time cost of \$600 for 3 years
- Additional charges after 3 years
- Available starting with these vehicles:
 - 2021 F-150
 - 2021 Mustang Mach-E



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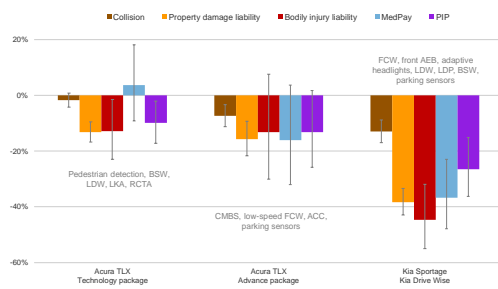
Bundled ADAS features



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Summary of technology bundles

Change in claim frequency

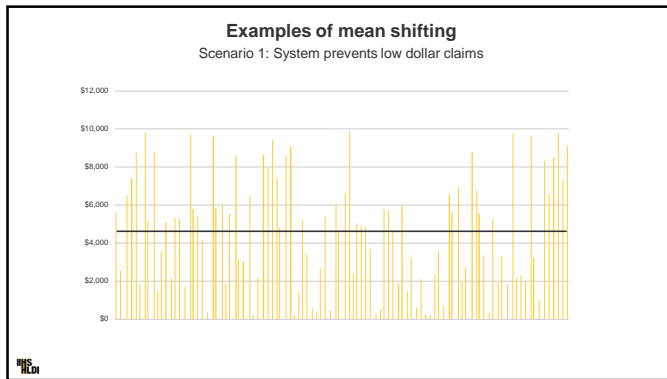


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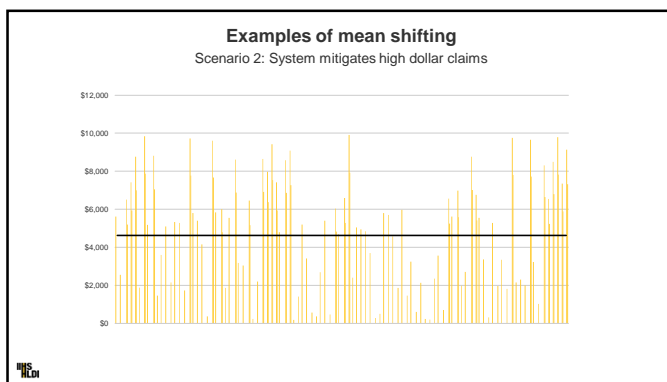
Do ADAS affect collision and PDL severity?



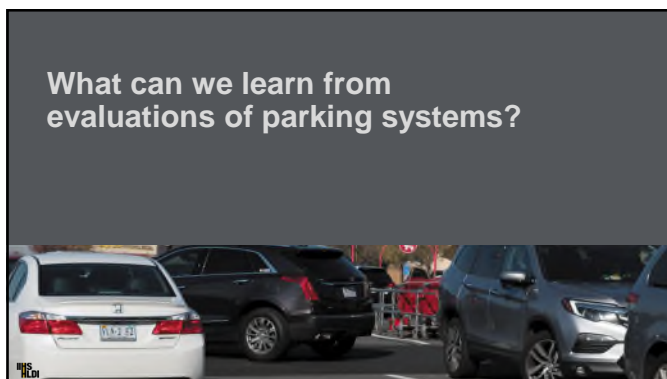
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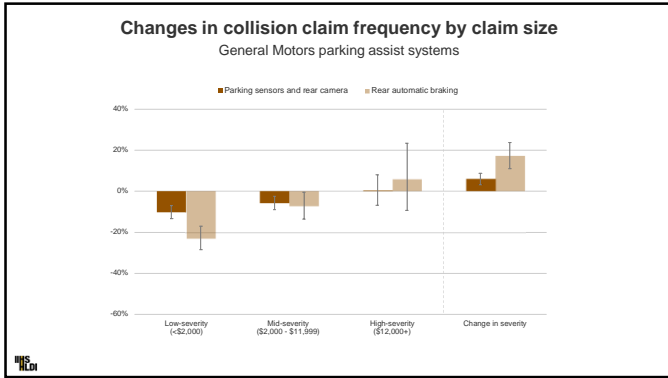
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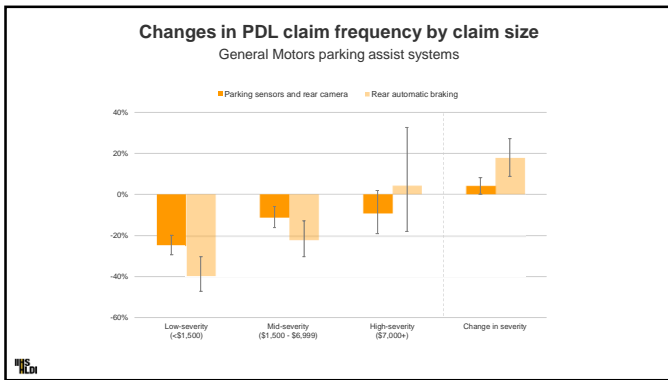
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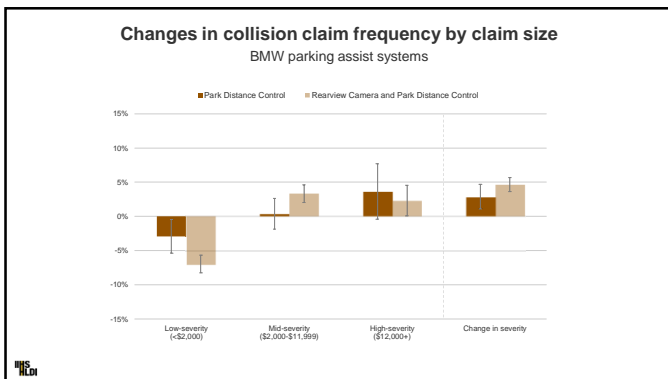
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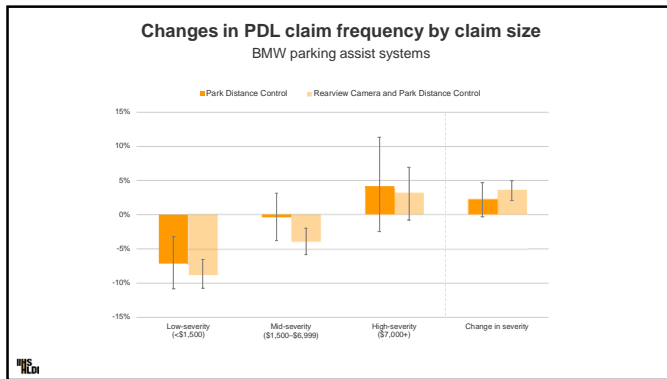
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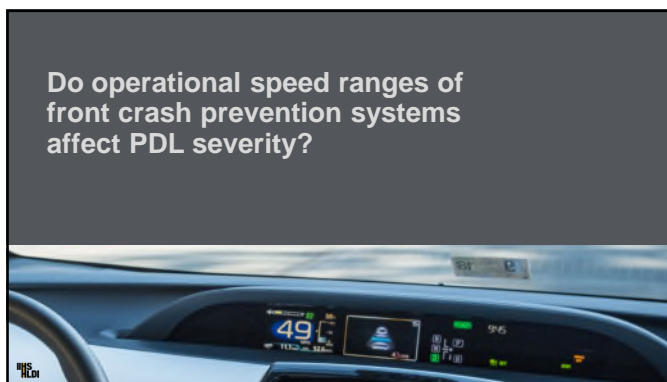
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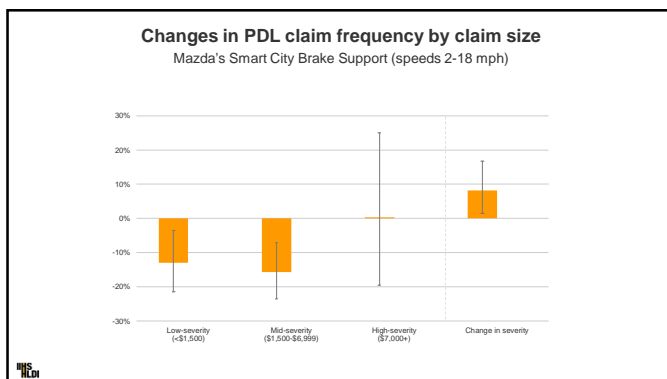
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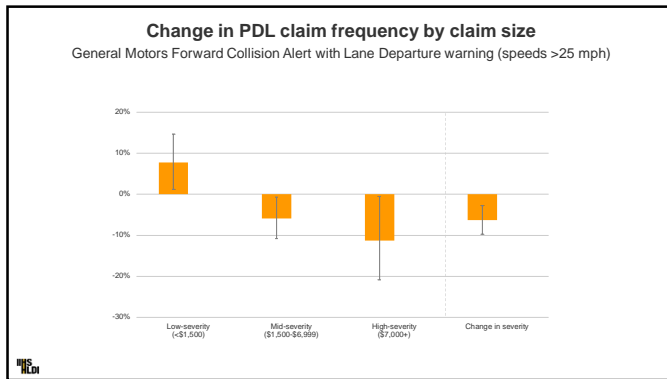
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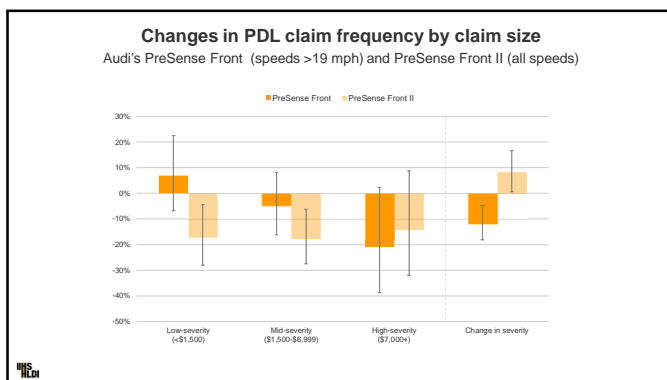
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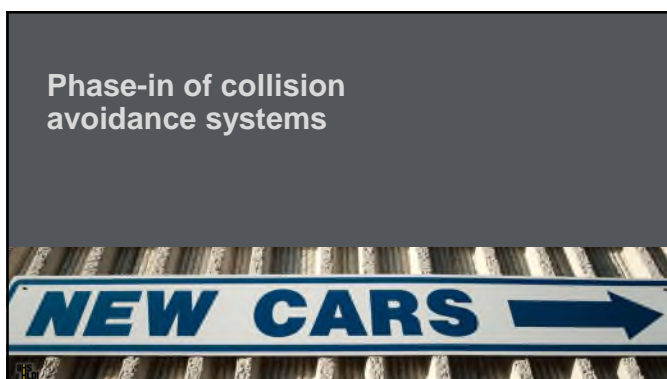
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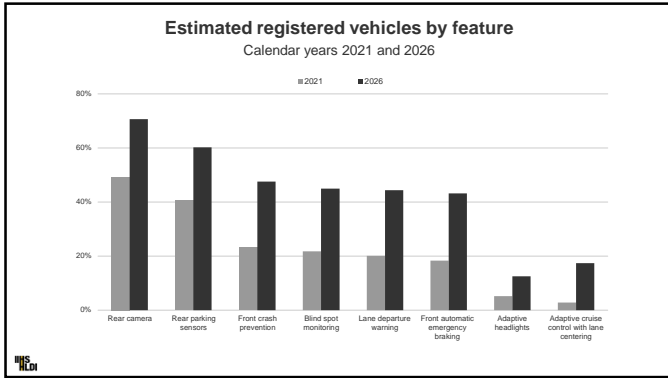
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Insurance Institute for Highway Safety
Highway Loss Data Institute

iihs.org

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THANK YOU

IIHS HLDI

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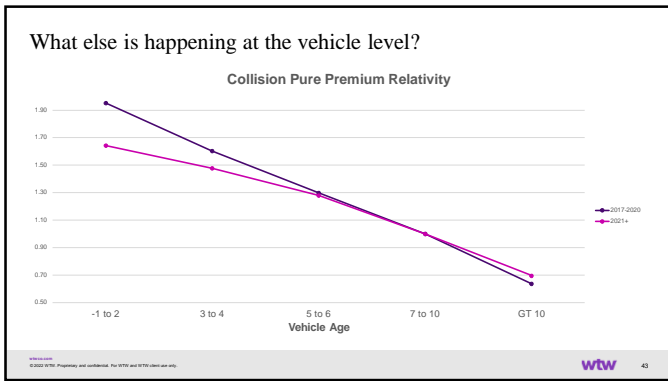
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How Inflation and Enhanced Safety Features are Changing the Personal Auto Insurance Market

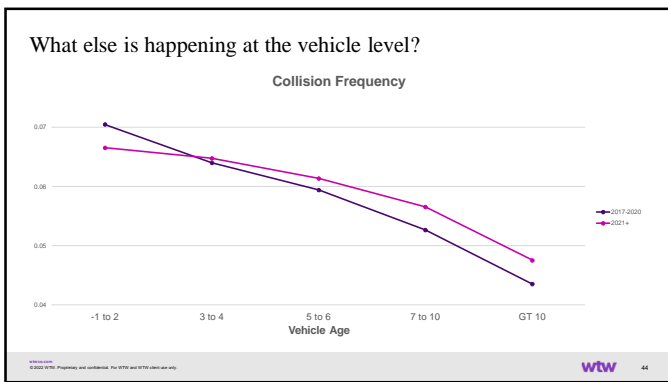
Justin Milam
November 9, 2022

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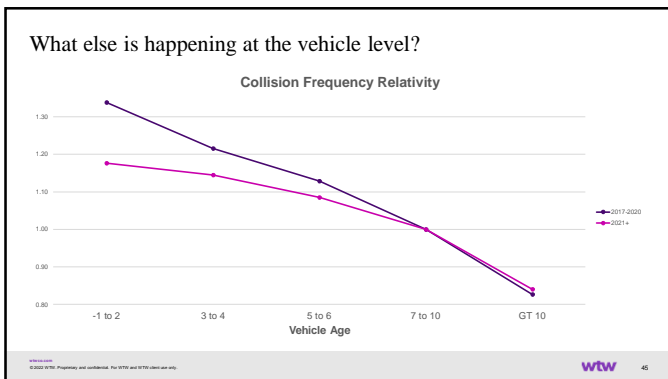
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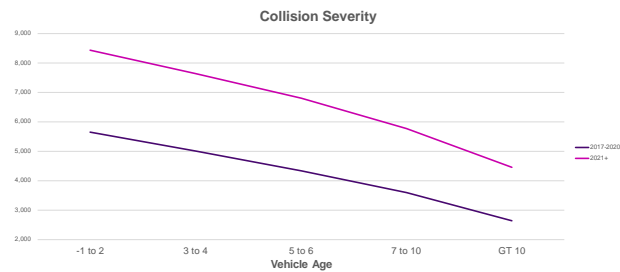


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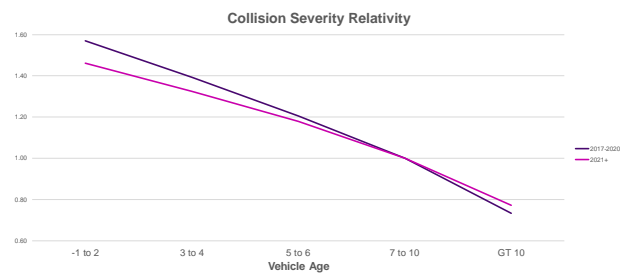
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What else is happening at the vehicle level?



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What else is happening at the vehicle level?



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How are companies reacting to inflation?

Summary of Rate Changes by Group
State : Minnesota
Line of Business : Private Passenger Auto

Rank	Company	Market Share 2021	Rate Change 2017	Rate Change 2018	Rate Change 2019	Rate Change 2020	Rate Change 2021	Rate Change 2022
1	State Farm Group	22%	4%	-5%	-4%	-8%	3%	13%
2	Progressive Group	21%	-2%	-2%	-2%	-5%	7%	18%
3	American Family Insurance Group	11%	5%	11%	9%	2%	-1%	5%
4	Farmers Insurance Group	6%	4%	5%	3%	5%	0%	11%
5	Allstate Insurance Group	5%	3%	3%	5%	1%	-2%	5%
6	Berkshire Hathaway Group	5%	5%	10%	0%	0%	3%	0%
7	Liberty Mutual Group	4%	5%	6%	1%	0%	6%	5%
8	Auto-Owners Group	4%	-1%	1%	0%	1%	-2%	0%
9	United Services Automobile Association Group	4%	2%	3%	3%	3%	-1%	7%
10	Travelers Group	3%	9%	3%	4%	0%	4%	0%
Top 10 Groups		83%	3%	1%	1%	-3%	3%	10%

1. Rank is determined based on 2021 Direct Written Premiums (Source: NAIC Page 14, line(s) 18.1, 19.2, 21.1).
 2. Top 10 Average Rate Change uses 2017 Direct Written Premiums (Source: NAIC Page 14, line(s) 18.1, 19.2, 21.1).
 3. Calendar Year Line Rates include Insured Loss and Uninsured/Underinsured (Source: NAIC Page 14, line(s) 18.1, 19.2, 21.1).
 4. Report Data (04/2022). Includes filings entered on wtr.naif.org.com through 9/15/2022.
 5. Rate change data not included for Travelers/MetLife.
 6. Data Source: National Association of Insurance Commissioners, by permission. The NAIC does not endorse any analysis or conclusions based upon the use of its data.
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How are companies reacting to inflation?

Grinnell Mutual Reinsurance Company Indicated: 33.5% Filed/Approved: 7.9% NB Effective Date: 7/1/2022	State Auto Property & Casualty Insurance Company Indicated: 52.9% Filed/Approved: 18.0% NB Effective Date: 7/15/2022	Auto Club Insurance Association Indicated: 19.9% Filed/Approved: 7.0% NB Effective Date: 9/8/2022
Illinois Farmers Insurance Company Indicated: 13.9% Filed/Approved: 8.9% NB Effective Date: 8/29/2022	Farmers Insurance Exchange Indicated: 13.9% Filed/Approved: 10.5% NB Effective Date: 7/25/2022	Grinnell Select Insurance Company Indicated: 17.0% Filed/Approved: 7.3% NB Effective Date: 7/1/2022
California Casualty Indemnity Exchange Indicated: 28.9% Filed/Approved: 12.0% NB Effective Date: 9/2/2022	SAFECO Insurance Company of Indiana Indicated: 43.2% Filed/Approved: 18.5% NB Effective Date: 7/23/2022	GEICO Indemnity Company Indicated: 12.0% Filed/Approved: 12.0% NB Effective Date: 9/8/2022
Amica Mutual Insurance Company Indicated: 11.2% Filed/Approved: 6.0% NB Effective Date: 9/1/2022	GEICO Secure Insurance Company Indicated: 22.1% Filed/Approved: 22.1% NB Effective Date: 7/7/2022	Member/Select Insurance Company Indicated: 53.7% Filed/Approved: 5.0% NB Effective Date: 9/8/2022



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How are companies reacting to vehicle changes?

Pattern	Description
Vehicle Technology Pattern 1	Adaptive Cruise Control with Lane Keeping; Rear Collision Mitigation; Distance Pacing Cruise Control Stop/Go; Distance Pacing Cruise Control; or Forward Collision Mitigation
Vehicle Technology Pattern 2	Evasion Assist; Auto Park Sensor; Rear Collision Avoidance; Active Lane Departure; or Active Blind Spot
Vehicle Technology Pattern 3	Cornering Lights; Adaptive Cruise Control; Driver Alertness; or Forward Collision Warning
Vehicle Technology Pattern 4	Front Camera; Left Camera; Right Camera; Front and Rear Camera; Front and Rear Surround Camera; Backup Alarm; Front and Rear Parking Sensor; Blindspot Sensor; Lane Departure Warning; Front and Rear Sensor and Camera; Rear Sensor; Rear Camera; or Rear Sensor and Camera
Vehicle Technology Pattern 5	Any Brake Assist technology
Vehicle Technology Pattern 6	Any Adaptive Cruise Control technology
Vehicle Technology Pattern 7	Any Adaptive Headlights technology
Vehicle Technology Pattern 8	Any Forward Collision technology
Vehicle Technology Pattern 9	Any Rear Camera technology
Vehicle Technology Pattern 10	Any Parking Sensor technology

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How are companies reacting to vehicle changes?

- Interactions between vehicle class, vehicle size, and driver age
- Interaction between vehicle price, number of operators, number of vehicles
- Interaction between vehicle class, turbo charged, pattern 2, and pattern 3
- Interaction between vehicle count, engine cylinders, pattern 6, and power to weight ratio
- Patterns 9, 10, 4, 5, age of youngest driver

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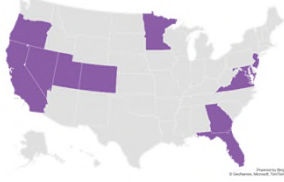
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Tesla introducing personal auto programs

Tesla Personal Auto Filings in 2022



As of 10/06/22, new programs had been filed in:

- California
- Colorado
- Florida
- Georgia
- Maryland
- Minnesota
- New Jersey
- Nevada
- Oregon
- Utah
- Virginia

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Tesla introducing personal auto programs

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This program will be distributed through Tesla Insurance Services, Inc. The purpose of the program is to lower costs and improve the customer experience through automated underwriting, rating, and claims, while eliminating frictional costs and inefficiencies inherent in traditional insurance processes.

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Tesla introducing personal auto programs

Step	Rate Order of Calculation	RI	PD	MED	COMP	COLL	LIAB/LIAB	UMPO	Roadside	Rental Reimbursement
1	Base Rate	x	x	x	x	x	x	x	x	x
2	Territory Factor	x	x	x	x	x	x	x	x	x
3	Group Rate Factor	x	x	x	x	x	x	x	x	x
4	Physical Damage Rate Symbol Factor	x	x	x	x	x	x	x	x	x
5	Vehicle Age Factor	x	x	x	x	x	x	x	x	x
6	Increased Limit Factor	x	x	x	x	x	x	x	x	x
7	Deductible Factor	x	x	x	x	x	x	x	x	x
8	Defensive Driving Course Discount	x	x	x	x	x	x	x	x	x
9	Safety Factor	x	x	x	x	x	x	x	x	x
10	Mileage Factor	x	x	x	x	x	x	x	x	x
11	Autopilot/SD Discount	x	x	x	x	x	x	x	x	x
12	Multi-Car Discount	x	x	x	x	x	x	x	x	x
13	Premium by Coverage (Multiply steps 1 to 12)	x	x	x	x	x	x	x	x	x
14	All Coverage Premium (Sum of By-Coverage premium)	x	x	x	x	x	x	x	x	x
15	Total Premium (Sum steps 14)	x	x	x	x	x	x	x	x	x

Notes:

1. Round each step to the nearest cent.
2. (*) Monthly premium increase or decrease due to Safety Factor change will be capped at 50% on the vehicle level.
3. If optional GAP coverage selected, GAP base rate = collision or comprehensive base rate x Auto Limit/loss GAP = Yes factor from miscellaneous coverage page.
4. GAP COMP and GAP COLL use COMP and COLL factors, respectively, for each rating step that applies.

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Tesla introducing personal auto programs

“ The proposed program will incorporate our Safety program, which uses telematics data to provide safety discounts. Details about the Safety program are included in the underwriting guidelines and telematics model documentation. Through technology driven insights, savings resulting from the safety features on the vehicle and how the vehicle is being driven are passed onto the customer. ”

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Tesla introducing personal auto programs

Autopilot/FSD Discount Vehicles equipped with an autonomous feature option will be eligible for credits based on the level of autonomy of the vehicle. Available level definitions are available below:

Level 0 – The driving mode-specific performance by an automated driving system of all aspects of the dynamic driving task under all roadway and environmental conditions that can be managed by a human driver.

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Tesla introducing personal auto programs

Autopilot/FSD Discount Vehicles equipped with an autonomous feature option will be eligible for credits based on the level of autonomy of the vehicle. Available level definitions are available below:

- Level 5 – The full-time performance by an automated driving system of all aspects of the dynamic driving task under all roadway and environmental conditions that can be managed by a human driver.
- Level 4 – The driving mode-specific performance by an automated driving system of all aspects of the dynamic driving task, even if a human driver does not respond appropriately to a request to intervene.
- Level 3 – The driving mode-specific performance by an automated driving system of all aspects of the dynamic driving task with the expectation that the human driver will respond appropriately to a request to intervene.
- Level 2 – The driving mode-specific execution by one or more driver assistance systems of both steering and acceleration/deceleration using information about the driving environment and with the expectation that the human driver perform all remaining aspects of the dynamic driving task.
- Level 1 – The driving mode-specific execution by a driver assistance system of either steering or acceleration/deceleration using information about the driving environment and with the expectation that the human driver perform all remaining aspects of the dynamic driving task.
- Level 0 – The full-time performance by the human driver of all aspects of the dynamic driving task, even when enhanced by warning or intervention systems.

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Contact



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Thank you

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