QUARTERLY SHOPPING LIST REPORT
U.S. AUTO INSURANCE
Q2 2023

J.D. POWER
INSURANCE INTELLIGENCE
In collaboration with TransUnion

12.5% *Quarterly Quote Rate*   Qtr Chg ▲

3.9% *Quarterly Switch Rate*   ▬

Quarterly Quote Rate – By Region Q2 23

10.1% ▲

12.6% ▲

11.7% ▼

13.8% ▬

Auto Insurance Shopping Continues to Accelerate

Rate adequacy continues to present a substantial challenge to auto insurers, and they are not letting up on rate taking. In turn, shopping continues to increase as consumers are not relenting in their desire to find a more attractive premium for their auto insurance needs. The second quarter of 2023 marks the highest shop rate we have recorded in now three years of tracking auto insurance shopping on a daily basis, at 12.5%.

Auto insurance shopping has historically followed a seasonal pattern in which April has represented the highest shop rate, presumably due to consumers receiving tax returns and shopping for a new/replacement/additional vehicle. These, however, are not normal times. The new and used vehicle markets are managing through major disruptions and consumer buying/leasing patterns have shifted considerably. While shopping picked up in May, June saw a marked decline in consumers shopping for auto insurance – perhaps some fatigue is taking hold after multiple quarters of elevated shopping. Despite the slight increase in shopping during Q2, switching has remained on par with last quarter. This may be due to increasing difficulty finding a policy with a lower premium as essentially all insurers are aggressively taking rate.

On the following pages, we will explore recent TransUnion data, which shows more consumers are driving without insurance, abandoning the idea of shopping as premiums have become too costly to pay for a growing share of consumers and take a look at changes in "The Insurance Neighborhood" that we introduced last year.

Auto Shopping and Switching Rates by Month

Line chart — Auto Insurance Shopping values: 11.4%, 12.1%, 11.4%, 11.0%, 11.9%, 11.5%, 11.8%, 11.1%, 11.1%, 10.9%, 10.7%, 11.8%, 11.6%, 11.7%, 11.7%, 11.8%, 11.9%, 11.6%, 12.0%, 12.0%, 12.3%, 12.6%, 13.1%, 12.6%, 12.8%, 12.1%

Auto Insurance Switching values: 3.4%, 3.6%, 3.7%, 3.3%, 3.2%, 3.6%, 3.5%, 3.6%, 3.2%, 3.3%, 3.1%, 3.3%, 3.7%, 3.5%, 3.6%, 3.7%, 3.9%, 3.8%, 4.3%, 3.9%, 4.2%, 3.6%, 3.9%, 4.1%, 3.9%, 4.1%, 3.8%

Months: Apr-21, May-21, Jun-21, Jul-21, Aug-21, Sep-21, Oct-21, Nov-21, Dec-21, Jan-22, Feb-22, Mar-22, Apr-22, May-22, Jun-22, Jul-22, Aug-22, Sep-22, Oct-22, Nov-22, Dec-22, Jan-23, Feb-23, Mar-23, Apr-23, May-23, Jun-23

── Auto Insurance Shopping   ── Auto Insurance Switching

J.D. Power Carrier Switching Trends by Largest Rival – Q2 23

The carrier that each brand is losing the most business to

AMERICAN FAMILY INSURANCE ▶ Allstate

Allstate, FARMERS INSURANCE, GEICO, Liberty Mutual INSURANCE, Nationwide, State Farm, TRAVELERS, USAA ▶ PROGRESSIVE

PROGRESSIVE ▶ State Farm

J.D. Power Loyalty Tracker – Q2 23

% current customers shopping

▲ Higher Loyalty   ▼ Lower Loyalty

Higher Loyalty	Lower Loyalty
1. NJM	1. National General
2. The Hanover	2. Progressive
3. COUNTRY	3. American Family
4. Amica	4. GEICO
5. USAA	5. (Tie) Liberty Mutual
	5. (Tie) Auto-Owners

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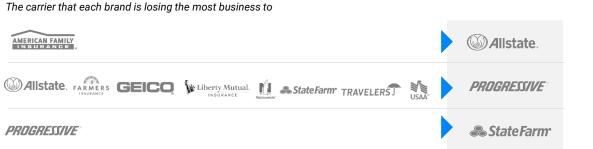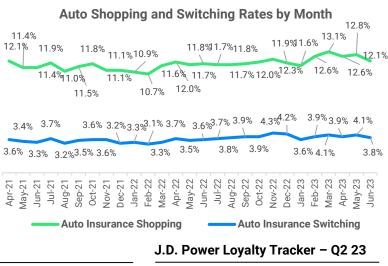Q2 2023

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Nearly 15% of Consumers Allow Auto Insurance Coverage to Lapse

YoY percent change in number of Auto insurance shoppers by credit-based insurance scores

Legend: 300-500, 501-700, 701+

Data labels: 13.2%, -1.2%, -3.6%

X-axis: Oct-21, Nov-21, Dec-21, Jan-22, Feb-22, Mar-22, Apr-22, May-22, Jun-22, Jul-22, Aug-22, Sep-22, Oct-22, Nov-22, Dec-22, Jan-23, Feb-23, Mar-23

Y-axis: -20% to 30%

Consumers, facing rising insurance rates and household budget pressures, are hunting for lower premiums. While the year-over-year percentage of auto insurance shoppers overall remained positive over the first quarter of the year, customers with lower scores dropped into negative territory. TransUnion's Q1-2023 Insurance Consumer Survey offered additional insight into the drop in shopping in this market segment: Nearly 15% of respondents said they owned or used a car without valid insurance or allowed their coverage to lapse at some point in the previous six months, with nearly 30% having cited inability to pay as the primary reason.
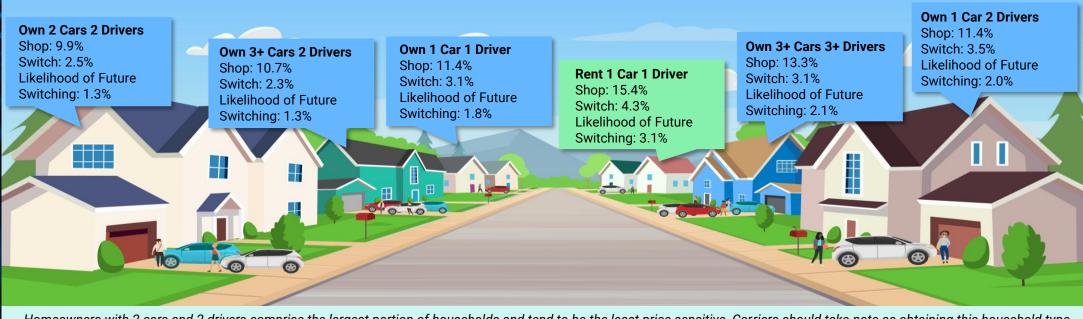
"When surveyed on how the increase in insurance premium has played out in comparison to other expenses within a household budget, it is not the largest felt increase in order of magnitude," said Michelle Jackson, Senior Director of Personal Lines Market Strategy at TransUnion. "However, as costs continue to rise, some consumers are forced to make decisions on which bills to pay, and insurance ranks behind mortgage/rent, vehicle payment, credit cards and utilities in terms of priorities."

Source: TransUnion 2023 Q2 Personal Lines Trends and Perspectives Report

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🔍 **IN FOCUS QUARTERLY:**

First Anniversary Milestone: Household Shopping Intelligence

We celebrate a milestone for creating the first comprehensive view of shopping intelligence at the household level with a quarter of a million respondents now living in our insurance neighborhood. The past 4 quarters have been historic in the insurance industry on many levels. With record losses and record rate increases, to some of the largest carriers pulling completely out of markets and product lines, it has never been more critical to have the granular level insights that LIST now provides. So lets look at what's happening in The Neighborhood.

Own 2 Cars 2 Drivers
Shop: 9.9%
Switch: 2.5%
Likelihood of Future Switching: 1.3%

Own 3+ Cars 2 Drivers
Shop: 10.7%
Switch: 2.3%
Likelihood of Future Switching: 1.3%

Own 1 Car 1 Driver
Shop: 11.4%
Switch: 3.1%
Likelihood of Future Switching: 1.8%

Rent 1 Car 1 Driver
Shop: 15.4%
Switch: 4.3%
Likelihood of Future Switching: 3.1%

Own 3+ Cars 3+ Drivers
Shop: 13.3%
Switch: 3.1%
Likelihood of Future Switching: 2.1%

Own 1 Car 2 Drivers
Shop: 11.4%
Switch: 3.5%
Likelihood of Future Switching: 2.0%

Homeowners with 2 cars and 2 drivers comprise the largest portion of households and tend to be the least price sensitive. Carriers should take note as obtaining this household type yields a long-term client. While most of this household type are Boomers, the second largest demographic are Gen Y customers, more specifically older Gen Y, again highlighting their importance as a long-term asset to a carrier. Not surprising, renters tend to be the most likely to shop and switch, and are most likely to say they intend to switch in the next 90 days. The majority of this cohort are Gen Y, more granularly, they are between the ages of 25 and 34, so they are at the stage in their lives where they would be looking to move into that coveted 2 car 2 driver household and certainly not a cohort to be ignored.

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IN FOCUS QUARTERLY:
Deeper Understanding of Household Behaviors

The *J.D. Power Auto Insurance Study*^{SM} (AIS), now in its 24th year, helps carriers understand the sensitivities of the Insurance Neighborhood at a granular level. By further segmenting households by demographics, we can leverage multi-year insights from AIS to better understand which of the 3 key drivers of satisfaction – Customer Service, Claims Experience, or Price – is most important to which household. Below we drill deeper into the coveted homeowners with 2 cars and 2 drivers segment to understand what is most important to these households.

<u>**Homeowners with 2 Cars and 2 Drivers**</u>

Subgroup 1: Customers aged 26-34
Low income - Price
Middle income - Price
High income - Price

Universally these customers are all heavily influenced by price

Subgroup 2: Customers aged 35-54
Low income – Price
Middle income - Claims experience
High income – Customer service

Within this more established cohort, lower income households are influenced by price, while middle income households value a good claims experience, and higher income households want superior customer service

Subgroup 3: Customers aged 55-70
Low income – Claims experience
Middle income – Customer service
High income – Customer service

As consumers begin prepping for retirement, the claims experience and customer service are key

Subgroup 4: Customers aged 71+
Low income - Price
Middle income – Claims experience
High income – Claims experience

Among older customers with lower levels of income, price is critical, while those who have higher income levels value a good claims experience as the key driver of satisfaction

Source: *J.D. Power Auto Insurance Study*^{SM}

Income Definitions: Low income <$50,000, Middle income $50,000-$100,000, High Income >$100,000

J.D. Power Insurance Loyalty Indicator and Shopping Trends (LIST)

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NOW AVAILABLE…

HOME & RENTAL INSURANCE

In addition to auto insurance policy shopping data, LIST now features an independent, daily, competitive view of the home and renter Insurance Industry:

✓ Who is shopping for home and renter's insurance

✓ Where they are shopping

✓ Why are they shopping

✓ Which brands they are considering

✓ Whether they switched, and from which brand

Expanded Demographics

In addition to the home and renter insurance shopping questions, LIST can now identify more household demographics such as:

- Number of drivers in household
- Number of vehicles in household
- Living situation of the consumer (rents home, owns home, other)
- What other insurance products the consumer has

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WHAT'S BEHIND THE DATA AND HOW ARE SUBSCRIBERS LEVERAGING IT?

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THE LIST ADVANTAGE

Get the advantage in the acquisition battle with an independent, daily, competitive view of who is shopping, where they are shopping, and which brands they are considering.

LIST AT-A-GLANCE

Robust data you can have confidence in

TIMELY

500-1,000

Consumers Reached Every Day

BIG AND GROWING

680K+

Consumers Captured So Far

GEOGRAPHICALLY RELEVANT

State and Zip Level Data allows targeting specific markets

LIST IN ACTION

How are we getting to the latest shopper insights?

TO FIND OUT CLICK HERE OR SCAN THE QR CODE TO DEMO THE SURVEY

LIST IN THE FIELD

LIST subscribers are putting the data to work across their business. Here are the challenges they can check off their list:

CEO
We need to be more data-driven and customer centric

DIRECTOR OF CLAIMS
I need to know if my team's CAT response efforts resulted in better retention numbers versus the overall market.

HEAD OF UNDERWRITING
I need to know if a competitor's rate change impacted shopping in a specific state.

MARKETING VP
A competitor just launched a large-scale acquisition campaign. I need to see how my current customers are responding to the campaign to determine if action is necessary.

SVP OF OPERATIONS
I need to know if our new IVR system for inbound sales calls is impacting customer loyalty.

HEAD OF AN ADVERTISING AGENCY
I need to see changes in shopping activity daily so that strategic campaign messaging can be evaluated.

HEAD OF CONSUMER RESEARCH
I need to understand what type of consumers are shopping by demographic features such as age and credit tier (excellent, good, poor).

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About J.D. Power Insurance Intelligence
J.D. Power is the nation's leading insurance customer intelligence and CX advisory company. We work with every top 20 U.S. P&C carrier to equip industry leaders with indispensable insights, solutions, and tools to achieve their mission-critical priorities and build the successful organizations of tomorrow. Our unrivaled combination of expert-led, independently-sourced and data-driven research steers clients toward the right decisions on the issues that matter most.

About TransUnion Insurance
TransUnion is a global information and insights company that makes trust possible in the modern economy. We do this by providing a comprehensive picture of each person so they can be reliably and safely represented in the marketplace. As a result, businesses and consumers can transact with confidence and achieve great things. We call this Information for Good®.

About J.D. Power's Loyalty Indicator & Shopping Trends (LIST)
The J.D. Power Auto Insurance LIST provides a unique daily, competitive view of auto insurance shopping and loyalty behaviors for the top carriers in the national and state-level markets. The consumer behavior data captured reveals who shoppers are, where they are shopping, and which brands they are considering.