



Consumer Federation of America  
ConsumerFed.org

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Attachment Two  
Property and Casualty Insurance (C) Committee  
12/15/21

A

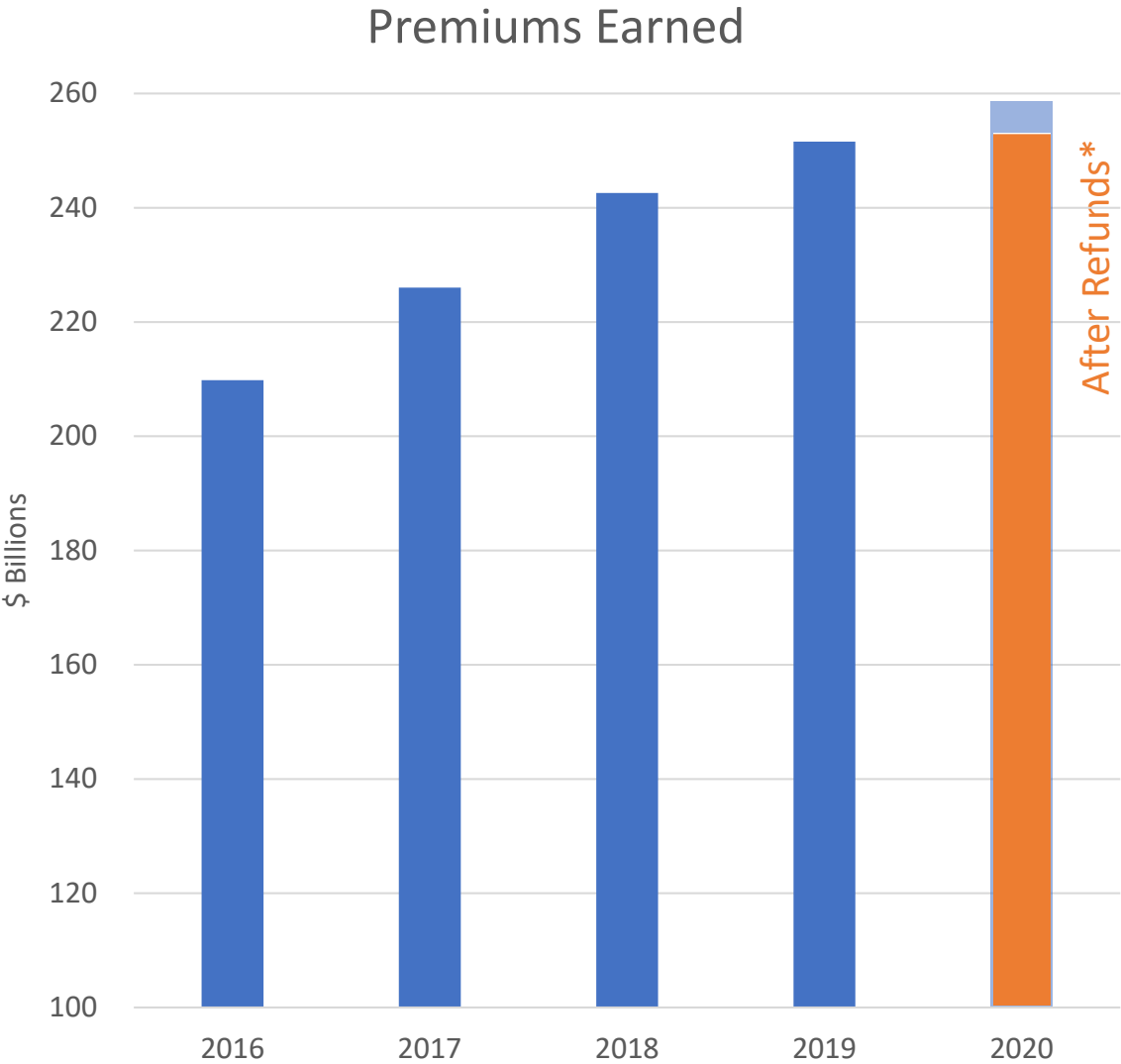
**\$29  
Billion**

**Windfall**  
Deserved More  
Regulatory Attention  
as Americans Struggled with  
the Pandemic

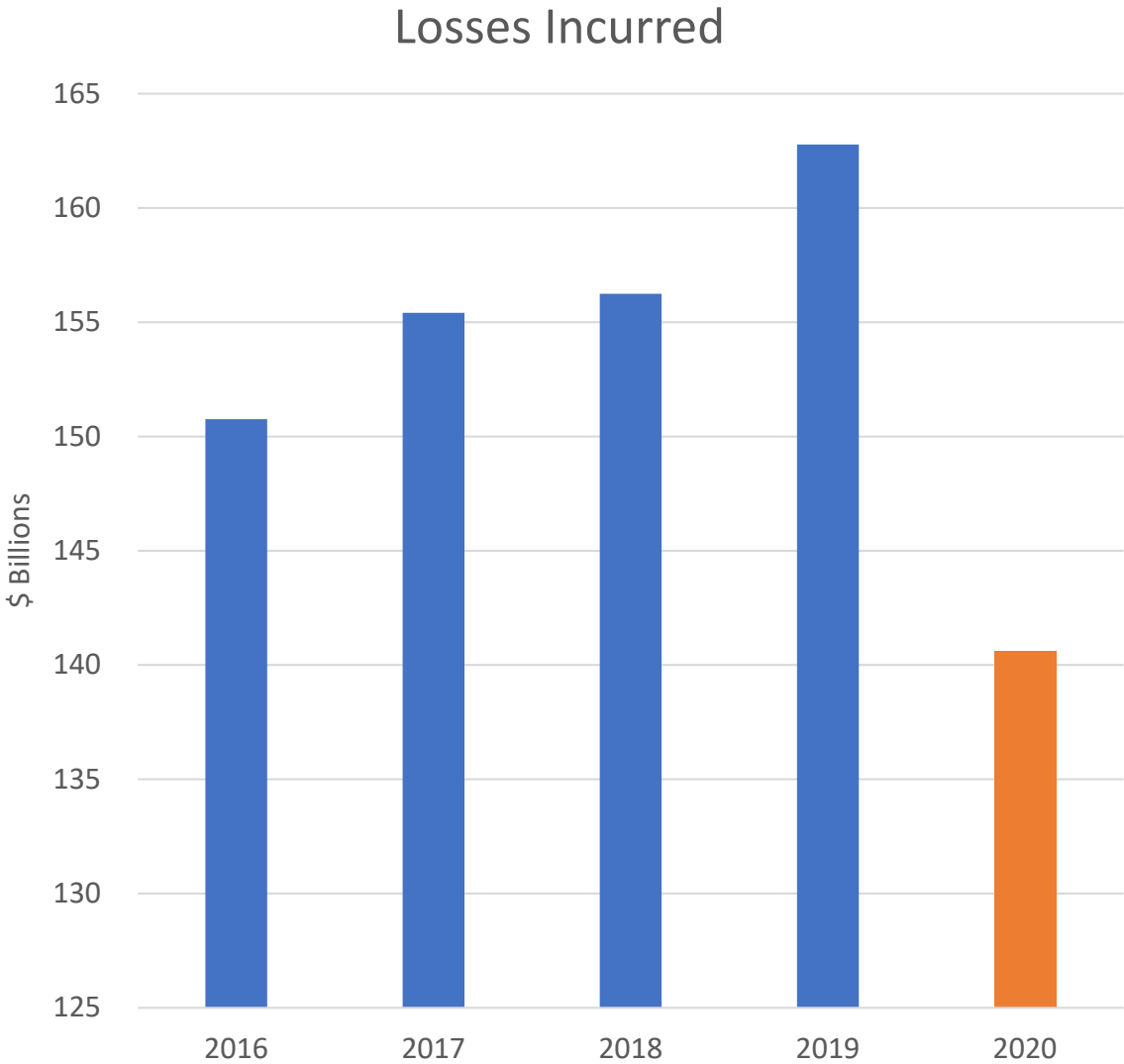
How much  
*should* auto  
insurance cost  
when rush hour  
looks like this?



# 2020 Auto Premiums Remained Stable...

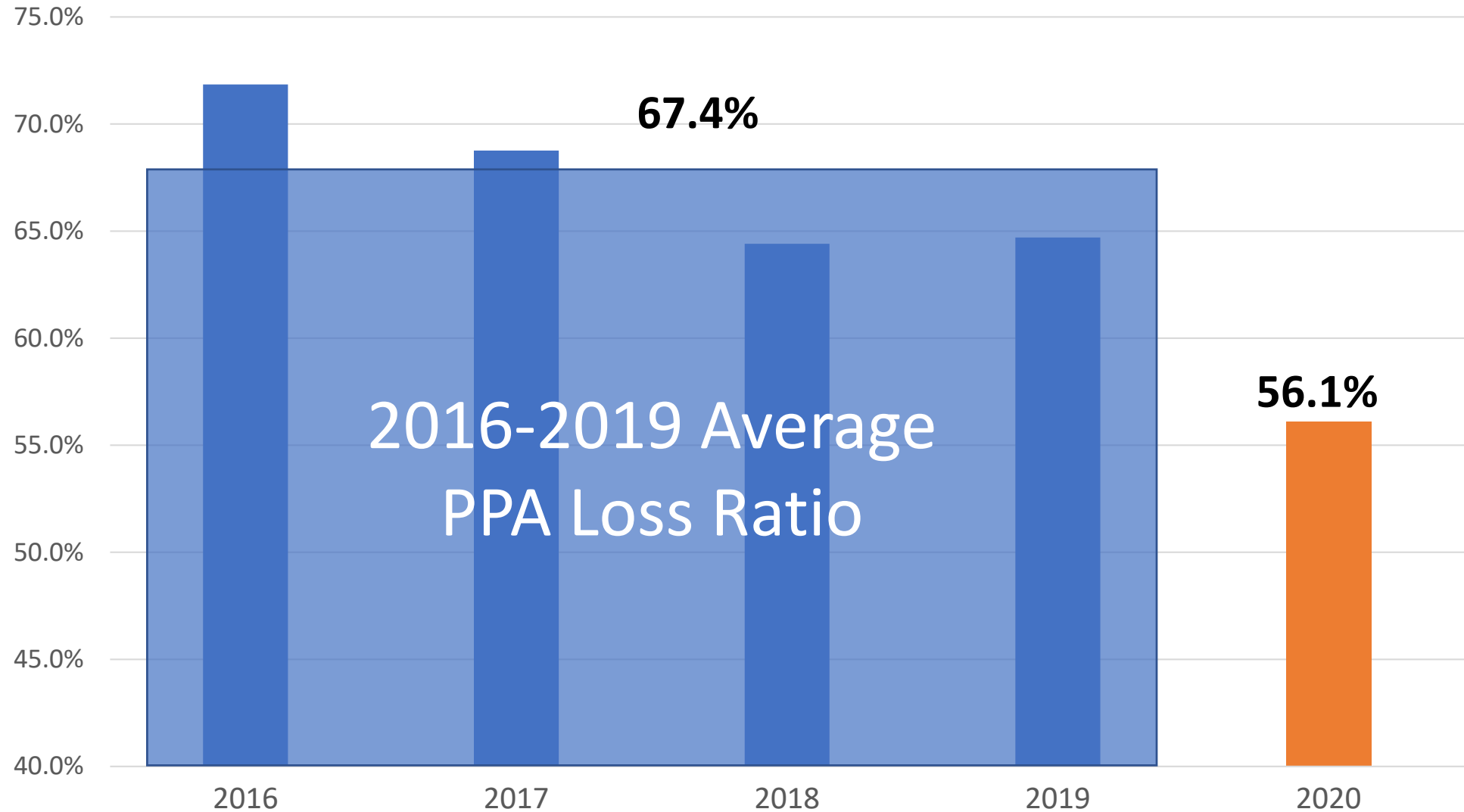


# ...While Losses Fell Dramatically



Source: NAIC State Page PPA  
\*Does not include approximately \$5 billion in refunds provided as dividends or counted as expenses

## 2020 Countrywide Auto Insurance Loss Ratio Was Historically Low





# NEWS RELEASE

## PROGRESSIVE REPORTS AUGUST RESULTS

MAYFIELD VILLAGE, OHIO -- September 17, 2020 -- The Progressive Corporation (NYSE:PGR) today reported the following results for August 2020:

### Monthly Commentary

- Excluding the impact of catastrophe losses in both August 2020 and 2019, our companywide **loss/LAE ratio was 5.7 points lower** than August last year, reflecting continued lower auto accident frequency on a year-over-year basis **due to restrictions put in place to help slow and/or stop the spread of the novel coronavirus, or COVID-19.**



State Farm Mutual is issuing a

# \$400M dividend



**\$100** on average per auto policy\*



**Better than anticipated claim results**  
June 2020 thru December 2020

*\*For policies in force 6/1/20 – 12/31/20*



April 20, 2021

## P/C Insurers Return Nearly \$13 Billion in Premiums as COVID-19 Reduces Exposure

Pandemic reduces traffic, accidents, and auto claims

US property/casualty insurers reported returned premiums of over \$12.9 billion associated with reduced exposures resulting from the COVID-19 pandemic. We reviewed 2020 statutory statement and related footnote disclosures for

### Exhibit 1

#### US Property/Casualty – COVID-Related Premium Returns, by Classification

	Number of Companies	Amount (\$ millions)	% of Total
Decline in premium income	305	7,949.1	61.6
Other underwriting expense	58	1,226.9	9.5
Policyholder dividends	38	3,733.7	28.9
Premium balances charged off	4	4.6	0.0
<b>Totals for year ended December 31, 2020</b>	<b>397*</b>	<b>12,914.3</b>	<b>100.0</b>
<b>Totals for 6 months ended June 30, 2020</b>	<b>305</b>	<b>8,321.6</b>	<b>100.0</b>

\* Eight companies reported using two different methods to return premiums.

Source: AM Best data and research

# The Pandemic Produced a Massive Windfall for Auto Insurers

## By The Numbers

**\$44  
Million**

**\$400  
Million**

**State Farm**

**GEICO**

**128%**

**\$3.4 Billion**

**\$4.50/share**

**\$338 Million**

**\$2.6 Billion**

**Progressive**

**Allstate**

**\$.81/share**

**\$4 Billion**

**\$300 Million**



And now...

GOVERNMENT EMPLOYEES INSURANCE COMPANY  
GEICO GENERAL INSURANCE COMPANY

Voluntary Private Passenger Automobile Insurance and Recreational Vehicle Insurance

Louisiana

Filing Memorandum

Government Employees Insurance Company (GEICO) hereby submits a +9.4% overall rate change in voluntary automobile insurance rates, as shown on Exhibit GE-1, Sheet 1. The submitted changes vary by coverage.

The statewide experience indications are developed on Exhibit GE-1, Sheets 2-5, using three fiscal/accident years of data ending September 30, 2020 evaluated as of December 31, 2020. Assumptions

Therefore, the actual loss experience in 2020 is not indicative of what we expect to see in Louisiana by the effective date of this filing. Adjusting 2020 losses up to pre-COVID levels produces indications that are actuarially sound and representative of our rate need during this future time period.

Louisiana by the effective date of this filing. Adjusting 2020 losses up to pre-COVID levels produces indications that are actuarially sound and representative of our rate need during this future time period. We are adjusting our losses in a two-step process:

- 1) Experience Adjustment: We calculated an adjustment to bring our 2020 data to pre-COVID levels, as shown on Confidential Exhibit GE-1. We compared 2020 monthly frequencies to expected

# Additional Premium That Should Have Been Refunded

## **\$29.2 Billion (\$130/Insured Vehicle)**



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JUSTICE** | FAIR ACCESS  
FAIR TREATMENT

1	2020 Premium Reported by Insurers	\$250.63
2	2020 Premium Relief Accounted for as Reduction in Premium	\$7.90
3	Total 2020 Premium Before Relief	\$258.58
4	2016-2019 Personal Auto Average Loss Ratio	67.40%
5	Expected 2020 Claims	\$174.20
6	Actual 2020 Claims	\$140.60
7	Actual 2020 Loss Ratio	56.10%
8	Estimated Claims Reduction Resulting from Pandemic	\$33.60
9	Reasonable 2020 Premium Based on 2020 Claims	\$216.40
10	Excessive Premium	\$42.10
11	"Premium Relief" Provided	\$12.90
12	Windfall Profit	<b>\$29.20</b>
13	Estimated 2020 Insured Vehicles (Millions)	225
14	Windfall Profit / Insured Vehicle (\$)	<b>\$130</b>

Billions except where noted



THANK YOU.

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