AUTO INSURANCE REPORT

The Authority on Insuring Personal and Commercial Vehicles

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THE GRAPEVINE

Tesla Starts Underwriting With Purchase of Balboa

Tesla has become the first auto manufacturer to own and operate an insurance company since **General Motors** sold **GMAC Insurance** in 2006.

Having bought **Balboa Insurance** on Jan. 21, Tesla General Insurance filed products in **Oregon** in February and **Virginia** earlier this month, with plans to "incrementally offer private passenger automobile programs in all venues," according to the "Form A" it filed with **California** insurance regulators in October seeking approval to acquire Balboa and its subsidiaries, **Meritplan Insurance Co.** and **Newport Insurance Co.**

Both the Virginia and Oregon

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Dreams of Detailed Vehicle Data For Claims Becoming a Reality

Claims teams and lawyers have long dreamed of a day when they could stop asking unreliable humans who was at fault in an accident and start asking the cars themselves. That day might not be here, but vehicles are inching ever closer. Advanced driver assistance systems (ADAS) and early self-driving technology are already generating a sizable amount of the data needed to better adjudicate claims and determine who's at fault – be it a driver or robot.

A startup, **Quantiv Risk**, is working hard to unlock these new data sets on behalf of insurers and plaintiff lawyers. **Mike Nelson**, a lawyer with a long history in the insurance world and partner at the law firm **Nelson Niehaus**, started the company after litigating claims involving Teslas. Representing insurance companies, Nelson successful obtained the data **Tesla** collects during an accident through the **California** Consumer Privacy Act. After Nelson's repeated

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Indiana Sees Wisdom in Carefully Considering Transparency Law

As auto insurers increasingly use external data to underwrite risk and customize auto insurance – and as new entrants to the market rely primarily on automated insurance quotes, artificial intelligence, telematics and machine learning – an **Indiana** legislator is leading the charge to help consumers understand how data is being used to determine their premiums.

State Rep. **Matt Lehman**, a Republican and immediate past president of the **National Council of Insurance Legislators** (NCOIL), proposed language in House Bill 1238, an omnibus insurance bill that called for transparency from insurers in how they use external data. The bill, introduced in January, said insurers would need to share the five most heavily weighted factors used when external data determined rates or how risks were underwritten. Insurers would

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success winning access to the data in court, Tesla decided to give Quantiv Risk access to the vehicle data for specific claims upon request.

"When people first hear about this, they think it's EDR data," Nelson said, referring to data from event data recorders – the so-called black box that keeps track of what is happening leading up to a crash. But the data feed from Tesla's ADAS – including its partially automated driving system, called Autopilot – is far more granular. "It's the difference between a black and white photo and a 3D model," Nelson said.

While an EDR collects 15 required "signals" – focused on speed, airbag deployment, and brake/accelerator usage – and 30 optional elements, including vehicle roll angle, seat belt status, and occupant position, the data feed from Tesla's ADAS – including its partially automated driving system, called Autopilot – provides 2,400 signals, of which Quantiv Risk captures about 300 that pertain to an accident.

> ***Vehicle performance data provides much more granular detail than data captured by event data recorders.***

The signals are "recorded in thousandths of a second as opposed to EDRs, which record at tenths of a second," Nelson said. The data includes video from the vehicle, driver inputs, what the Autopilot is doing, among other things. "The data that we're capturing is called a lot of different things," Nelson said in an interview. "Our term for it is vehicle performance data, or VPD."

Quantiv Risk has recently obtained its first set of VPD for an auto manufacturer other than Tesla, though Nelson declined to identify the company.

Nelson describes one claim that Quantiv Risk helped settle. A driver reported that her Tesla had been rear-ended after her vehicle "slowed down on the highway for no apparent reason." On the face of the claim, the driver who collided with the Tesla would nominally be at fault for following too closely. But the colliding driver claimed that the Tesla driver slammed the brakes right before the accident.

Mike Nelson
Quantiv Risk

Quantiv Risk turned to the car for the truth of what happened and why. Based on the VPD data, Nelson's team knew the driver was traveling 75 to 78 mph. "We also know the brakes of the Tesla applied without her stepping on them," he said. The data showed the driver was using Autopilot and that the brakes slowed the car down to 55 mph without her touching them. "It didn't stop," Nelson added, "but 78 to 55 is a relatively quick stop for this guy barreling down on her."

When the Tesla driver requested information from the automaker, Tesla's original analysis said the car was in the middle of a lane change when it was hit, something the driver did not remember. Quantiv Risk's analysis of the VPD data showed that the vehicle, which changes lanes unassisted, began a lane change before aborting the maneuver and engaging the brakes.

"The point of this is [that] Tesla's got some responsibility here," Nelson said. "How do you start to deal with that from a liability perspective? This data gives you a lot of detail about the accident, how it set up, how it resolved, and who's involved."

Some of this may seem familiar from the early days of event data recorders, when that technology was considered a holy grail for determining fault. (See AIR 12/5/03). Though vehicles are not required to have an event data recorder – the **National Highway Traffic Safety Administration** (NHTSA) withdrew its 2012

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plan to mandate them by 2019 – the devices have made significant inroads into the fleet since they were first introduced in the mid-1970s as a way for automakers to monitor airbag performance, according to NHTSA.

Since 2010, NHTSA regulations have governed the kind of data EDRs must collect and set requirements for the accuracy of that data. Vehicle performance data – which is transmitted from the vehicle to an original equipment manufacturer (OEM) cloud platform – has no such standard and varies greatly in quality and quantity from manufacturer to manufacturer. Not every automaker has the type of data that Tesla provides insurers through Quantiv Risk.

The lack of standards is just one challenge that limits widespread use of vehicle performance data by insurers.

VPD data feeds are a core part of how auto manufacturers monitor and improve their new advanced driving features. Gigabytes of data flow from sensors, cameras and software packages, both out of the vehicle and increasingly into the vehicle through over-the-air updates.

Issues have already arisen from new "right to repair" laws that require auto manufacturers to provide consumers and body shops access to a vehicle's telematics data in addition to internal diagnostic data about its mechanical health and diagnostic tools to facilitate repairs by independent shops. A ballot measure updating the right to repair law in **Massachusetts** prompted **Subaru** and **Kia** to disable their vehicle telematics features in the state, citing a concern that their vehicles couldn't comply with both the Massachusetts law and federal laws.

Advocates for these laws argue that this data levels the playing field between dealerships and independent body shops. Opponents – primarily automakers and technology companies – cite concerns about cybersecurity, intellectual property and the quality of repairs.

"Look at Massachusetts, if we have to give all this data out, we're not going to continue to try to collect data that becomes a liability to us," said Dr. **Bryan Reimer** of the **Massachusetts Institute of Technology's** Center for Transportation and Logistics. "Everybody is chasing the software that Tesla has, because the value of the data is coming back and being able to enhance the machine learning algorithms based on that data."

Bryan Reimer
MIT

Reimer, who's been focused on autonomous vehicles for the last decade, sees standardization and transparency as a critical part of the future. For Reimer, access to VPD data helps technologists, safety experts, insurers and others understand just how these advanced driving systems behave in the field.

> ***The federal government has not yet decided whether it will issue standards, or what they might look like.***

Their understanding today relies on data from the **Insurance Institute for Highway Safety** (IIHS) and a little NHTSA data, mostly from pre-production ADAS systems, Reimer said.

When it comes to evaluating the effectiveness of those safety systems, Reimer said, "we need to begin doing much better than educated guesses based upon early stage understanding. We need to be talking in an open framework with other stakeholders, the OEMs, suppliers, and others,"

With various state laws and differing OEM capabilities and business needs, the VPD data set is ripe for a federal standard. To date, NHTSA

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also have to share that information if they took adverse action, like dropping a policy or raising rates absent any such tangible cause as accidents or traffic tickets, or a broad across-the-board rate change affecting all policyholders.

Indiana had a short legislative session this year and with the language and idea not fully baked, the insurance industry pushed back, concerned carriers might be required to share proprietary data. So, Lehman took the transparency language out and legislators continued with the rest of the insurance package. Now, model

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Indiana
Personal Auto Insurers

Groups Ranked by Total 2020 Direct Premium Written (000)

Group Name	2020 Premium	Mkt share 2020	Loss Ratio 2020	2019 Premium	Mkt share 2019	Loss Ratio 2019	2018 Premium	Mkt share 2018	Loss Ratio 2018
State Farm Mutual	$818,458	20.4%	51.0%	$834,453	20.8%	62.1%	$874,341	22.2%	56.6%
Progressive Corp.	$559,333	14.0%	51.0%	$527,516	13.1%	58.0%	$479,144	12.2%	56.6%
Allstate Corp.	$344,978	8.6%	49.1%	$339,203	8.4%	57.3%	$316,133	8.0%	51.9%
Indiana Farm Bureau	$290,762	7.3%	53.7%	$292,041	7.3%	64.2%	$286,088	7.3%	68.5%
Berkshire Hathaway/GEICO	$275,905	6.9%	61.8%	$276,933	6.9%	66.2%	$261,114	6.6%	63.6%
Liberty Mutual	$210,940	5.3%	47.7%	$202,650	5.0%	54.3%	$199,415	5.1%	56.8%
Erie Insurance Group	$171,644	4.3%	51.8%	$167,563	4.2%	70.4%	$154,917	3.9%	67.0%
American Family Insurance Group	$161,161	4.0%	51.5%	$184,208	4.6%	62.2%	$186,276	4.7%	62.2%
Auto-Owners Insurance	$124,036	3.1%	52.0%	$121,714	3.0%	62.2%	$108,614	2.8%	65.2%
USAA Insurance Group	$118,722	3.0%	49.4%	$112,950	2.8%	68.8%	$108,601	2.8%	70.4%
Farmers Insurance Group	$94,757	2.4%	50.9%	$100,403	2.5%	57.2%	$100,706	2.6%	49.8%
Indiana Farmers Mutual Ins Co.	$83,435	2.1%	46.1%	$86,104	2.1%	61.9%	$85,865	2.2%	66.5%
Nationwide Mutual Group	$70,806	1.8%	58.6%	$80,438	2.0%	61.5%	$83,845	2.1%	58.5%
Travelers Companies Inc.	$63,010	1.6%	48.1%	$63,383	1.6%	56.2%	$63,649	1.6%	57.5%
Safe Auto Insurance Group	$40,844	1.0%	63.8%	$38,059	1.0%	63.8%	$37,211	1.0%	58.5%
Grange Insurance	$38,366	1.0%	45.9%	$32,789	0.8%	49.3%	$28,269	0.7%	51.3%
Warrior Invictus Holding Co.	$33,631	0.8%	46.2%	$29,485	0.7%	47.7%	$25,544	0.7%	39.9%
Westfield Insurance	$32,783	0.8%	51.9%	$35,026	0.9%	62.9%	$35,505	0.9%	58.7%
Cincinnati Financial Corp.	$27,914	0.7%	37.6%	$29,171	0.7%	39.8%	$31,428	0.8%	48.7%
Shelter Insurance	$27,397	0.7%	54.9%	$27,439	0.7%	59.8%	$27,152	0.7%	64.7%
Hartford Financial Services	$24,475	0.6%	41.7%	$26,772	0.7%	56.9%	$28,563	0.7%	57.5%
Kemper Corp.	$22,730	0.6%	58.1%	$22,554	0.6%	73.3%	$22,032	0.6%	59.7%
Western Reserve Group	$22,229	0.6%	47.2%	$23,796	0.6%	55.6%	$24,762	0.6%	61.7%
West Bend Mutual Insurance Co.	$21,068	0.5%	43.8%	$19,818	0.5%	53.3%	$17,881	0.5%	58.5%
Pekin Insurance	$20,842	0.5%	43.9%	$21,237	0.5%	57.9%	$21,635	0.6%	53.6%
Celina Insurance	$20,079	0.5%	48.7%	$20,782	0.5%	67.5%	$20,927	0.5%	73.5%
State Auto Insurance Companies	$19,396	0.5%	52.6%	$21,159	0.5%	60.4%	$21,596	0.6%	49.8%
Alfa Mutual Group	$18,375	0.5%	53.9%	$19,315	0.5%	60.0%	$20,595	0.5%	64.7%
Root Insurance Co.	$18,122	0.5%	76.9%	$12,968	0.3%	99.3%	$4,152	0.1%	117.4%
Statewide Totals	$4,007,822		51.5%	$4,018,753		60.9%	$3,935,324		59.5%

Source: S&P Global Market Intelligence and the *Auto Insurance Report* database.
Loss ratio = incurred losses/direct premium earned and does not include dividends or loss adjustment expense.

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language is being crafted at NCOIL, with input from all stakeholders. "I thought, let's get it right. Let's do it on a national scale," he said, adding he expects to reintroduce a bill in Indiana in 2023.

At NCOIL, early proposals range from requiring insurers to disclose from five to 10 factors. "The whole point of transparency is for the buying public to know what they're being graded on. We don't want to get to the point where we're disclosing trade secrets," Lehman said. NCOIL will begin working in earnest on the proposal in April, he said.

Hilary Segura, assistant vice president, government relations, at the **American Property Casualty Insurance Association**, said the industry is keen on helping legislators understand how insurers use external data. "Companies all treat data differently, so it's going to be a complex discussion."

In **Washington** state, Insurance Commissioner **Mike Kreidler** has proposed a transparency rule that would require insurers to give policyholders an itemized list of the variables used to determine their insurance rate and the weight of each one. Kreidler's proposal supplements a three-year ban on the use of credit-based scores to help determine rates, which has been put on hold while a court considers his authority to do so. (See AIR 3/21/22)

Amy Beard
Commissioner, Indiana Department of Insurance

Banning the use of credit-based insurance scores is not part of Lehman's proposal. Lehman focuses on "holding the industry accountable while defending responsible industry practices," said **Michael Niland**, vice president of government affairs for the **Insurance Institute of Indiana**.

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Indiana
Auto Insurance Profit Margins
Ten-Year Summary, Percent of Direct Premiums Earned

Line of Business	2020 Total Profit	2019 Total Profit	2018 Total Profit	2017 Total Profit	2016 Total Profit	2015 Total Profit	2014 Total Profit	2013 Total Profit	2012 Total Profit	2011 Total Profit	Avg Total Profit
Personal Auto Liab	17.4	12.3	12.4	8.5	3.2	4.2	8.2	8.0	9.6	12.1	9.6
Personal Auto Phys	13.0	8.2	10.2	8.9	5.1	4.7	3.9	3.1	1.2	3.5	6.2
Personal Auto Total	15.4	10.5	11.4	8.7	4.1	4.3	6.4	5.9	6.1	8.6	8.2
Comm. Auto Liab	13.6	5.8	2.8	12.5	0.2	2.9	7.3	10.3	16.7	16.2	8.8
Comm. Auto Phys	14.4	7.4	7.5	7.9	8.8	1.9	1.3	1.5	0.1	-1.6	4.9
Comm. Auto Total	13.9	6.3	4.3	11.1	2.8	2.6	5.6	7.9	12.1	11.3	7.8
Total All Lines*	15.5	13.8	18.3	13.3	10.6	13.1	13.1	11.2	-0.6	8.3	11.7

*Auto; Home, Farm & Commercial Multiperil; Fire; Allied; Inland Marine; Med Malpractice; Other Liability; Workers Comp; All Other

Note: Profit calculations are by *Auto Insurance Report* using data from the National Association of Insurance Commissioners. Calculations are estimates, some based on national averages.

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A 2020 McKinsey & Co. report says property/casualty pricing became even more critical post Covid-19 than it has been in the past, in part with fierce competition stemming from the pandemic's economic crisis. "Leaders in pricing innovation invest in data infrastructure to better harness internal data and, perhaps more important, data from external sources. Sophisticated insurance carriers evaluate more than 30 new external data sources and then select two to four sources each year that they use to develop new features to embed in their pricing and rating models," the report said. Lehman said that some new carriers built on automation, such as **Lemonade**, can use up to 5,000 data points to underwrite risks.

The version of HB 1238 that ultimately passed included a provision allowing property/casualty insurers to sell insurance to groups of 10 or more businesses or nonprofits.

Back in the 1980s, the **Office of the Indiana Attorney General** issued an opinion that insurers could not issue property/casualty group policies, though exceptions were made along the way. Senate Bill 137 would have permitted P/C companies to provide group insurance to a religious nonprofit association consisted of at least 10 religious nonprofit organizations affiliated in some way. Instead of creating another carveout, however, lawmakers decided to pass legislation allowing group policies for 10 or more "commercial, business, or not-for-profit entities that

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Indiana
Commercial Auto Insurers

Groups Ranked by Total 2020 Direct Premium Written (000)

Group Name	2020 Premium	Mkt share 2020	Loss Ratio 2020	2019 Premium	Mkt share 2019	Loss Ratio 2019	2018 Premium	Mkt share 2018	Loss Ratio 2018
Progressive Corp.	$83,012	9.3%	39.7%	$68,962	8.2%	54.9%	$58,263	7.5%	56.8%
Auto-Owners Insurance	$49,544	5.5%	54.6%	$47,537	5.6%	68.5%	$45,478	5.9%	70.3%
Travelers Companies Inc.	$47,347	5.3%	63.9%	$50,365	6.0%	83.6%	$50,152	6.5%	70.5%
Old Republic International Corp.	$41,224	4.6%	60.4%	$32,309	3.8%	63.8%	$28,820	3.7%	72.6%
Acuity Mutual Insurance	$38,812	4.3%	45.1%	$32,694	3.9%	46.5%	$32,652	4.2%	69.5%
Cincinnati Financial Corp.	$35,134	3.9%	46.7%	$34,717	4.1%	51.7%	$34,388	4.5%	55.9%
Zurich Insurance Group	$30,789	3.4%	73.0%	$30,699	3.6%	78.1%	$26,016	3.4%	75.4%
Nationwide Mutual Group	$30,475	3.4%	64.3%	$43,797	5.2%	72.6%	$37,171	4.8%	62.1%
Liberty Mutual	$30,168	3.4%	65.2%	$31,466	3.7%	104.1%	$33,113	4.3%	90.1%
Chubb Ltd.	$24,758	2.8%	66.1%	$20,435	2.4%	31.1%	$15,904	2.1%	104.0%
Erie Insurance Group	$22,111	2.5%	62.5%	$20,942	2.5%	110.1%	$18,691	2.4%	55.8%
Selective Insurance Group Inc.	$21,610	2.4%	56.2%	$18,853	2.2%	73.0%	$16,930	2.2%	70.1%
Indiana Farmers Mutual Ins Co.	$17,723	2.0%	60.1%	$15,753	1.9%	71.5%	$14,812	1.9%	85.7%
Great American Insurance	$15,916	1.8%	53.4%	$11,374	1.4%	72.1%	$14,345	1.9%	75.7%
Indiana Farm Bureau	$15,303	1.7%	53.7%	$15,371	1.8%	64.2%	$15,057	2.0%	68.5%
Berkshire Hathaway Inc.	$15,013	1.7%	42.9%	$19,736	2.3%	45.6%	$18,964	2.5%	54.4%
Amer Inter-Fidelity Exchange	$13,753	1.5%	52.0%	$14,116	1.7%	81.1%	$16,637	2.2%	24.1%
Sentry Insurance Mutual	$13,220	1.5%	94.4%	$8,608	1.0%	73.6%	$8,482	1.1%	72.3%
Statewide Totals	$895,353		56.4%	$843,360		65.5%	$772,419		67.2%

Source: S&P Global Market Intelligence and the *Auto Insurance Report* database.
Loss ratio = incurred losses/direct premium earned and does not include dividends or loss adjustment expense.

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have a preexisting relationship to one another" through common trade, associations or some other affiliation.

"We had members who asked, 'Why do we even have a prohibition on group sales?" said **Marty Wood**, president of the Insurance Institute of Indiana. Insurance regulators didn't object, so the bill focused on churches was dropped and broader language included in the omnibus bill.

Legislators in Indiana also tackled how to make auto insurance more available to foster children whose foster parents don't add them to their own policies when they reach driving age. Senate Bill 246 initially called for foster children to be put into the state's high-risk driving pool. Segura said while the industry supported the idea, it opposed that option because there is no actuarial classification for 16- to 23-year-olds. "We were very supportive and sympathetic of the concept," she said. Ultimately, the state opted to create a fund that would help to offset the cost of insurance for foster youth, by raising money through the sale of special license plates. Indiana Gov. **Eric Holcomb** signed the bill into law on March 10.

As is the case across the nation, Indiana saw a spike in accidents – both in frequency and severity. Accidents rose more than 18% to 208,640 in 2021 from 175,886 a year earlier. In 2021, 40% of the 897 people who died in accidents weren't wearing seat belts. And in response to 4,319 school zone crashes in 2021, legislators began considering HB 1150, which would allow municipalities to install automated traffic enforcement in school zones. Neither the bill nor the Senate version made it out of committee before the session ended.

The industry says it continues to see risky driving behaviors, including impaired driving, speeding, distracted driving and failure to wear

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Indiana Snapshot

Regulator: Insurance Commissioner Amy Beard
Rate regulation: file and use

Size of personal auto market: $4.01 billion (2020 DPW) Rank: 22nd

Average policy expenditure: $777 (2019)
Rank: 43rd
Auto Insurance Report PAIN Index rank: 34th (2019)
Property Insurance Report HURT Index rank: 26th (2018)

Auto registrations: 2.1 million (2020)
Truck registrations: 3.8 million (2020)
Vehicle miles traveled (VMT): 82.72 billion (2019)
Traffic fatalities: 0.98 per 100 million VMT; U.S.: 1.11 (2019)

Vehicle thefts: 228.5 per 100,000 residents; Region: 180.7 (2020)

Liability defense: modified comparative fault, 51% bar

Minimum Insurance Requirements:
BI: $25,000/$50,000 • PD: $25,000

Safety Laws
Ban on handheld cellphone use and texting for all drivers; cellphone ban for young drivers
Strong graduated licensing law
Primary seat belt law
Motorcycle helmets required for riders under 18

Demographics
Population: 6.8 million (2021)
Change 2010-2020: 4.7%, U.S.: +7.4%
Median household income (avg. 2015-2019): $58,235; U.S.: $62,843
Population density: 181.0 per square mile; U.S.: 87.4 per square mile (2010)

Sources: S&P Global Market Intelligence; NAIC; U.S. Dept. of Transportation; NAMIC; U.S. Census; Insurance Institute for Highway Safety; FBI; Matthiesen, Wickert & Lehrer

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product filings were still under review at press time.

The products will be available for Tesla vehicles and other vehicles in a household and distributed through a direct digital platform, according to the filings. In addition, the Form A says, Balboa "will offer coverage beyond Tesla owners in California and other venues where regulatory requirements provide for more expansive coverage."

California does not currently permit telematics scores for rating.

"The purpose of the product is to use the technology in vehicles to lower costs and improve the customer experience through automated underwriting, rating and claims, including direct data feeds with customer permission, that eliminate frictional costs and inefficiencies inherent in traditional insurance processes," according to the Oregon filing. Tesla said the proposed program would use telematics data to provide safety discounts.

The Oregon and Virginia filings mimic Tesla insurance products under written by **Redpoint County Mutual** in **Texas** and **State National** in **Illinois**, **Arizona** and **Ohio.**

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License Plate Scanning Continues to Expand, Helping Commercial Insurers

Knowing where a commercial vehicle operates is a cornerstone of underwriting and pricing commercial auto insurance policies. Using data from license plate readers, **Verisk's** RadiusCheck now captures more than 5 million vehicle sightings per day, giving commercial carriers a deeper look into where the fleets they insure actually drive.

The program documents the location of license plates, which are detected by roaming vehicles outfitted with license plate readers. Those sightings are collected into a database that can be matched to a carrier's book of business, making it possible for insurers to identify vehicles that are operating outside of their expected radius.

License plate scanning began several years ago as a way to locate stolen vehicles, but quickly turned into a valuable tool for insurers. (See AIR 6/26/17)

The dominant collector of images, **Digital Recognition Network**, is owned by **Motorola Solutions Inc.**

As commercial auto insurers struggle with underwriting profitability, the tool helps reduce the "premium leakage" that occurs when insured vehicles drive farther and in riskier territories than their rates reflect. Verisk estimates that for an average midsized book of around 20,000 vehicles, carriers experience close to $1.4 million a year in leakage from radius misclassification. Impacts from garaging misclassification could be more significant.

The data provides carriers with a way to know where the fleets they insure are actually operating, rather than relying on self-reported data during the underwriting process. Carriers using the platform tend to pull two years of prior data for underwriting and pull additional data when policies are up for renewal.

In one example, a cable installation company indicated that the seven vehicles on its policy operated from its **New Jersey** headquarters. However, two were detected operating outside the area two-thirds of the time, one in Baltimore and another in Washington, D.C.

RadiusCheck data allowed the carrier to more accurately price the policy upon renewal and attribute any losses to the correct geography, said **Diane Injic**, Verisk director of commercial auto underwriting.

Most RadiusCheck sightings take place in highly populated states, including **Florida**, **Texas** and **New York**. The program is focused around major cities and their adjoining suburbs where large numbers of commercial vehicles operate, but it has a presence in all 50 states. AIR

Focus: INDIANA

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seat belts. Global supply chain issues continue to drive up the cost to fix and replace vehicles, with market experts seeing no immediate relief through 2022. In its request for a 9.1% rate hike for new business approved in February, **Farmers Group Property and Casualty Insurance Co.** said it estimates a 9.0% increase in claim severities for coverages related to repairing or replacing vehicles and a 5.5% increase for all other coverages.

Progressive, after dropping rates by 19.7% be tween 2017 and 2022 – including a 10.5% rate cut in 2020 – asked for a groupwide 11.5% rate hike this year. Before approving the December 2021 request on March 14, the **Indiana Department of Insurance** objected to the increase, saying the selected loss trends on which it was based seemed "unusually high."

Progressive, Indiana's second-largest auto insurer, responded that its business shifted toward higher frequency risks during the pandemic: "While Covid-19 reduced frequency has, so far, increased somewhat less than expected, severity increases have more than made up for the shortfall. As the driving public moves out of the Omicron wave, we fully expect frequency to reach or exceed predicted levels." The letter continued, "Our future pure premium selections attempted to account for our expectations of this return of frequency, along with the unprecedented increases in severity we have observed in recent months."

Amy Beard was appointed insurance commissioner in June 2021. She previously served as a healthcare consultant and administrative law judge before joining the department as an attorney in the legal division and was later promoted to chief deputy commissioner and general counsel. Given Beard's tenure with the department, Segura expects her to "continue Indiana's long tradition of raising balanced regulatory concerns without being overly burdensome." AIR

AUTO INSURANCE REPORT

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VEHICLE DATA *Continued from Page 3*

has done little on VPD standards, but asked for public comments on updating EDR standards at the end of last year. EDR standards were last updated in 2006.

VPD-enabled vehicles represent a tiny, but growing, percentage of vehicles on the road. Quantiv Risk is at the leading edge of what's to come as VPD becomes more prevalent. To date, it has data on more than 400 Tesla accidents and is working with a small number of carriers that use the data. With additional information about accidents, carriers are making decisions about subrogating claims and liability apportionment, and even using it to help policyholders understand what happened to them, Nelson said.

The successful expansion of VPD data use will come from both further fleet penetration and standardization, enabling claims teams of the future to ask the car who was at fault in an accident – if anyone. "We increasingly are going to be seeing accidents that are truly no one's fault," Reimer said. AIR

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We're thrilled to bring you an in-person meeting exploring the newest and most revolutionary ideas in the industry. Below is the preliminary conference program. We will soon be publishing full sessions descriptions and more details. In the meantime, be sure to register and secure your hotel room at the Waldorf Astoria Monarch Beach Resort before we sell out. For more information, contact Conference Director Tracie Sullivan at tbsullivan@riskinformation.com

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