

## COVID-19 Pandemic Should Not Be Profit Boon for Texas Auto Insurers

*New Data Show Most Texas Auto Insurers Fall Short on Refunds and Credits as Texans Continue to Drive Less due to the COVID-19 Pandemic*

**A**verage vehicle miles traveled and the number of automobile accidents in Texas are down dramatically due to the COVID-19 pandemic. Recent data on vehicle miles traveled in Texas show a 60% or greater decrease for some periods from March 10 through June 1, 2020, compared to January of 2020. Though driving has increased as the economy opens up, it has not reached pre-pandemic levels.

### Texas Change in Vehicle Miles Traveled

*March 10-June 1, 2020*

*Compared to Average Daily Vehicle Miles Traveled in January of 2020*

March 10 - 16	March 17 - 23	March 24 - 30	March 31 - April 6	April 7 - 13	April 14 - 20
22%	-49%	-61%	-67%	-66%	-61%
April 21 - 27	April 28 - May 4	May 5 - 11	May 12 - 18	May 19 - 25	May 26 - June 1
-56%	-49%	-41%	-43%	-30%	-28%

Source: StreetLight Data (June 12, 2020).

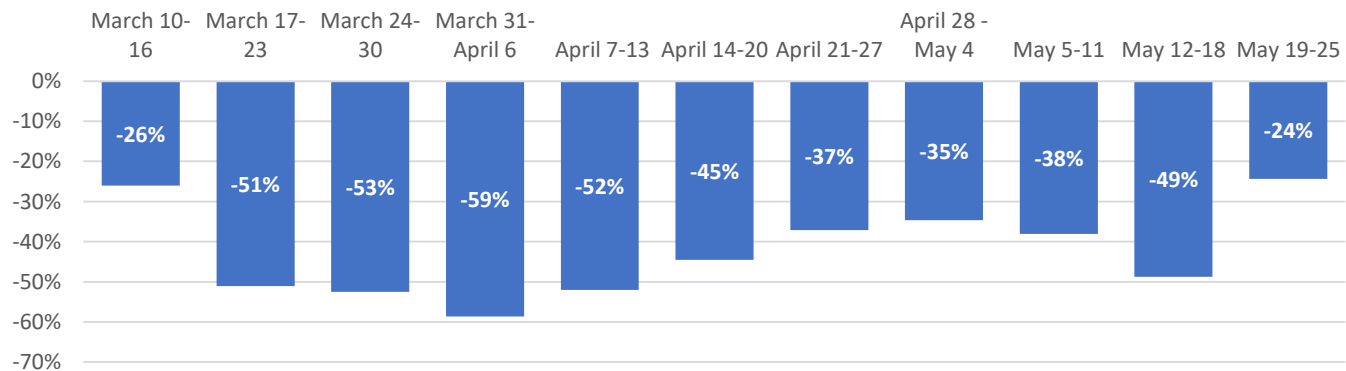
Texas auto insurers are required to base pricing on risk of losses due to claims. New data documenting their varied responses to the pandemic call into question whether all insurers are following state law. **The data indicate that Texas auto insurers are reaping a coronavirus windfall estimated to be between \$606 million and \$869 million.**

Top findings include:

- **Auto accidents continue to decline compared to the same period in 2019.** Average weekly declines in accidents ranged from 26% to 59%. The average weekly decline over the study period was 43%.

### Decline in Auto Accidents in Texas Compared to Same Period in 2019

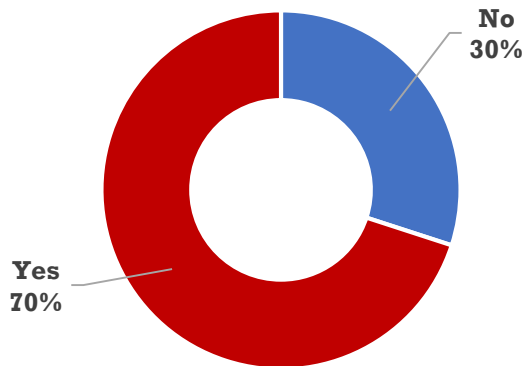
*Average Weekly Decline of 43% from March 10 to May 25, 2020*



Source: Texas Department of Transportation Crash Records Information System, accessed June 16, 2020. Analysis by Consumer Federation of America.

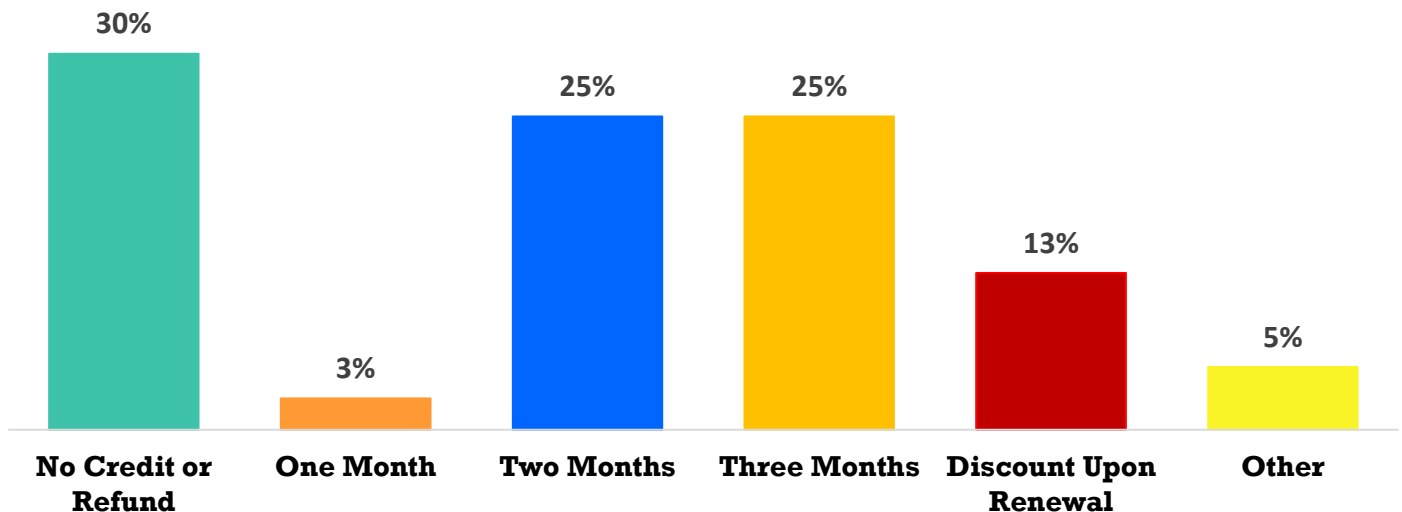
- **Nearly one in three of the top 40 auto insurers in Texas has not offered any credit or refund to customers**, despite the drop in travel and accidents. As a result, many insured Texans are getting no relief from their insurer in this time of reduced auto claims and extraordinary financial hardship.
- **Companies that often serve the lowest-income Texans are the least likely to offer any rebates.** Among the nine companies in the top 40 identified as nonstandard providers—generally those offering primarily liability-only policies, serving higher-risk drivers, or drivers with no credit or low credit scores—only one offered any rebate to customers.

**Percent of Texas Top 40 Texas Auto Insurers Offering Credit or Refund**



- **Among those insurers offering rebates, amounts vary substantially**—rebates are not standardized across the insurance industry and have ranged from a one-time fixed dollar amount to a two-month 15% credit to a credit of 20% over a three-month period, among other variations. Other companies have given promises of future price reductions upon policy renewal. Some companies are offering discounts *only* upon renewal, which is concerning, as it undermines fair market competition—requiring people to renew with the same company to receive premium relief applicable to past coverage.

**Credit or Refund Offered by Top 40 Texas Auto Insurers**



- **Based on available data, COVID-19 relief payments in Texas fall short by an estimated \$606 million and \$869 million.**

A recent study by the [Consumer Federation of America and the Center for Economic Justice](#), which included an analysis of Texas crash data and vehicle miles traveled during the pandemic, estimates that relief payments should total between 25% and 30% of premiums for 3 months. Our estimate of actual rebates falls well short of this mark. This shortfall in relief payments represents the auto insurance industry's coronavirus windfall.

The broad range of credits and refunds—ranging from nothing at all to multiple months of credits—raises concerns that many insurers are not refunding Texans the amount they are due. Instead, some insurers are reaping excessive profits at the expense of struggling families.

[Texas Appleseed](#) submitted a letter to the Texas Department of Insurance on April 8, 2020, asking the Department to take action to ensure that auto insurers are adopting fair credit and refund policies, in compliance with state law, including:

1. To publish data comparing auto insurance claims for the time period of stay at home orders and the current gradual opening phase with the same times periods in 2019 to assess the impacts of the pandemic on auto insurer risk; and
2. As supported by data from auto insurers, use regulatory oversight to ensure that refunds to policyholders reflect the actual risks of providing auto insurance in this crisis period.

As part of ensuring fair pricing during and after the pandemic, it is also important for the Department to address the use of credit scores in insurance pricing. Millions of Texans will likely have lower credit scores due to the economic fallout from the pandemic. Auto insurers should not increase auto insurance rates based on pandemic-impacted credit scores. To that end, we urged the Texas Department of Insurance to:

1. Adopt rules that suspend the use of credit scoring for people impacted by the COVID-19 pandemic through loss of income, loss of employment, or through their health for at least one year after the termination of the emergency declaration in Texas.

To date, the Department has not responded.

Texas Appleseed is not alone in urging action. Similar requests for action have been submitted by AARP Texas, [Consumer Federation of America and the Center for Economic Justice](#), and [Texas Watch](#). Insurance commissioners in other states are taking action to ensure fair auto insurance pricing during the pandemic, including those in [Michigan](#), [New Jersey](#), and [California](#). Texas should also be a leader by ensuring all insured Texans receive appropriate refunds and credits from auto insurers.

**In light of the new data included in this study, the Texas of Department of Insurance should use its powers to hold every auto insurer accountable.** All Texans who own and operate a car, by law, must carry auto insurance. This unique legal requirement, coupled with the harsh economic realities, make action by the Department necessary and urgent.

**Pandemic Response of Top 40 Auto Insurers in Texas**

*Nearly One in Three Offering No Credit or Refund Despite Reduced Driving and Claims*

Insurers ranked by Texas Department of Insurance based on share of market premiums in 2018.

Data Collected June 1 to June 4, 2020

**Table 1: Texas Auto Insurers Offering a Credit or Refund**

<b>Auto Insurance Company</b>	<b>% Share of Texas Market</b>	<b>Details of Credits or Refunds Due to Reduced Driving During Pandemic</b>
<a href="#">Allstate County Mutual Insurance Company</a>	1.12%	15% credit for April, May, and June for personal auto insurance customers
<a href="#">Allstate Fire and Casualty Insurance Company</a>	8.01%	15% credit for April, May, and June for personal auto insurance customers
<a href="#">Allstate Indemnity Company</a>	1.39%	15% credit for April, May, and June for personal auto insurance customers
<a href="#">Amica Mutual Insurance Company</a>	0.69%	20% credit received on auto premiums for April and May which will be seen in May and June 2020 bills
<a href="#">Auto Club County Mutual Insurance Company</a> (AAA Texas)	1.60%	20% policy refund for the two-month period of March 16 to May 15, 2020
<a href="#">Colonial County Mutual Insurance Company</a> (Part of the Nationwide family of companies)	1.52%	One-time \$50 refund for every auto policy active as of March 31, 2020
<a href="#">Consumers County Mutual Insurance Company</a> (Travers Texas MGA Insurance underwritten by Consumer County Mutual Insurance Company)	2.55%	15% credit on April, May, and June 2020 premiums
<a href="#">Elephant Insurance Company</a>	0.43%	Unspecified declaration to reduce auto insurance rates, which customers should see as they renew their policies
<a href="#">Esurance Insurance Company</a> (Allstate)	0.49%	15% payback for April, May, and June to personal auto insurance customers
<a href="#">Farmers Texas County Mutual Insurance Company</a>	6.98%	Certain personal auto premiums reduced by 25% for April and 15% for May
<a href="#">Geico Advantage Insurance Company</a>	0.84%	15% credit for customer's entire 6 or 12 month policy if renewed between April 8 and October 7, 2020
<a href="#">Geico County Mutual Insurance Company</a>	9.25%	15% credit for customer's entire 6 or 12 month policy if renewed between April 8 and October 7, 2020

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<b>(Table 1 cont.) Auto Insurance Company</b>	<b>% Share of Texas Market</b>	<b>Details of Credits or Refunds Due to Reduced Driving During Pandemic</b>
<a href="#"><u>Geico Indemnity Company</u></a>	0.53%	15% credit for customer's entire 6 or 12 month policy if renewed between April 8 and October 7, 2020
<a href="#"><u>Germania Select Insurance Company</u></a>	0.83%	\$25 credit for each personal auto policy, awarded for April, May, and now June
<a href="#"><u>Government Employees Insurance Company</u></a>	1.92%	15% credit for customer's entire 6 or 12 month policy if renewed between April 8 and October 7, 2020
<a href="#"><u>Infinity County Mutual Insurance Company</u></a> (Nonstandard insurance provider)	0.82%	15% credit of April premiums in May and 15% of May premiums in June
<a href="#"><u>Liberty County Mutual Insurance Company</u></a>	5.06%	15% percent refund on two months' premium, beginning in April
<a href="#"><u>Metropolitan Lloyds Insurance Company of Texas</u></a>	0.44%	15% refund for two month's premiums for all policies active as of May 31, 2020
<a href="#"><u>Progressive County Mutual Insurance Company</u></a>	11.18%	20% credit of April premium in May and 20% of May premium in June
<a href="#"><u>State Farm County Mutual Insurance Company of Texas</u></a>	0.71%	25% of the premium for the period March 20 through May 31. On May 18, State Farm announced nationwide rate reduction, upon renewal, averaging 11% of the total premium amount
<a href="#"><u>State Farm Mutual Automobile Insurance Company</u></a>	14.28%	25% credit of the premium for the period March 20 through May 31. On May 18, State Farm announced an additional nationwide rate reduction, upon renewal, averaging 11% of the total premium amount
<a href="#"><u>Texas Farm Bureau Casualty Insurance Company</u></a>	0.91%	15% refund of customers' premiums over a two month period, beginning May 15, 2020
<a href="#"><u>Texas Farm Bureau Mutual Insurance Company</u></a>	1.56%	15% credit refund of customers' premiums over a two month period, beginning May 15, 2020
<a href="#"><u>Texas Farm Bureau Underwriters</u></a>	0.58%	15% credit refund of customers' premiums over a two month period, beginning May 15, 2020
<a href="#"><u>United Services Automobile Association</u></a>	2.76%	20% credit on two months of premiums to each customer, beginning on March 31, 2020. This policy was extended to include a third month of 20% credit on premiums to be awarded in late May 2020
<a href="#"><u>USAA Casualty Insurance Company</u></a>	2.50%	20% credit on two months of premiums to each customer, beginning on March 31, 2020. This policy was extended to include a third month of 20% credit on premiums to be awarded in late May 2020
<a href="#"><u>USAA General Indemnity Company</u></a>	1.74%	20% credit on two months of premiums to each customer, beginning on March 31, 2020. This policy was extended to include a third month of 20% credit on premiums to be awarded in late May 2020

**Table 2: Texas Auto Insurers Offering No Credit or Refund**

<b>Auto Insurance Company</b>	<b>% Share of Texas Market</b>	<b>Details of Credits or Refunds Due to Reduced Driving During Pandemic</b>
<a href="#">ACCC Insurance Company</a> (Nonstandard insurance provider)	0.95%	No credit or refund
<a href="#">Alinsco Insurance Company</a>	0.50%	No credit or refund
<a href="#">American Access Casualty Company</a> (Nonstandard insurance provider)	1.22%	No credit or refund
<a href="#">CEM Insurance Company</a>	0.44%	No credit or refund
<a href="#">Dairyland County Mutual Insurance Company of Texas</a> (Nonstandard insurance provider)	0.35%	No credit or refund
<a href="#">Foremost County Mutual Insurance Company</a>	1.04%	No credit or refund
<a href="#">Home State County Mutual Insurance Company</a> (Nonstandard insurance provider)	1.53%	No credit or refund
<a href="#">Loya Insurance Company</a> (Nonstandard insurance provider)	1.01%	No credit or refund
<a href="#">MGA Insurance Company, Inc.</a> (GAINSCO insurance operations conducted through MGA Insurance Company Inc.; Nonstandard insurance provider.)	0.44%	No credit or refund
<a href="#">Old American County Mutual Fire Insurance Company</a> (Nonstandard insurance provider)	1.63%	No credit or refund
<a href="#">Redpoint County Mutual Insurance Company</a> (Nonstandard insurance provider)	0.75%	No credit or refund
<a href="#">Southern County Mutual Insurance Company</a> (An AmTrust Company)	0.84%	No credit or refund

Sources for Table 1 and Table 2: Top 40 auto insurer data from the Texas Department of Insurance, available at: <https://www.tdi.texas.gov/company/top40.html#auto>. Nonstandard providers indicated under company name. Nonstandard data is based on a 2015 list compiled by A.M. Best Company for Consumer Federation of America. Nonstandard generally refers to auto insurers offering primarily liability only policies or policies serving higher risk drivers or drivers with no credit or a low credit score.