

Trends and Insights: Personal Auto Insurance

The United States personal auto insurance industry experienced its best underwriting result in the post-pandemic era with a net combined ratio of 95.3 in 2024. The line which represents more than a third of the industry on a premium basis and twice as much as the next largest line of insurance, has outperformed the net combined ratio of the Property / Casualty (P/C) industry 10 out of the 20 years since 2005.

Insurers' underwriting profitability is measured by a combined ratio, which is calculated by dividing the sum of claim-related losses and expenses by premium. A combined ratio under 100 indicates a profit. A ratio above 100 indicates a loss. Net combined ratio and net written premium growth rates for personal auto are analyzed, forecasted, and then reported in [quarterly Triple-I members-only webinars](#).

Premiums

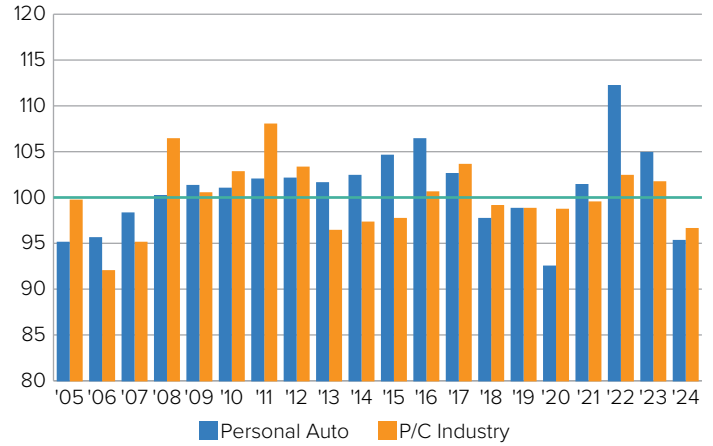
The net written premium growth rate for the P/C industry exceeded that of personal auto from 2018 to 2022. However, personal auto surpassed the P/C industry with two consecutive years of double-digit net written premium growth rates in 2023 and 2024, at 14.4 percent and 12.8 percent, respectively. This recent surge in personal auto premiums indicates a significant recalibration of rates after the initial COVID-19 pandemic impact.

Personal auto premiums declined in 2020 for the first time since 2009, the only time between 2009 and 2024, as the onset of the COVID-19 pandemic resulted in a drastic reduction in total vehicle miles driven across the U.S. After the pandemic, the total number of vehicle miles driven has caught up with the trended 30-year average.

There is a perfect positive correlation between the change in miles driven in the years before the pandemic, the miles driven at the onset, the miles driven since the pandemic and the change in net written premium during those three periods. This demonstrates the strong link between driving behavior and premium trends in the personal auto insurance market.

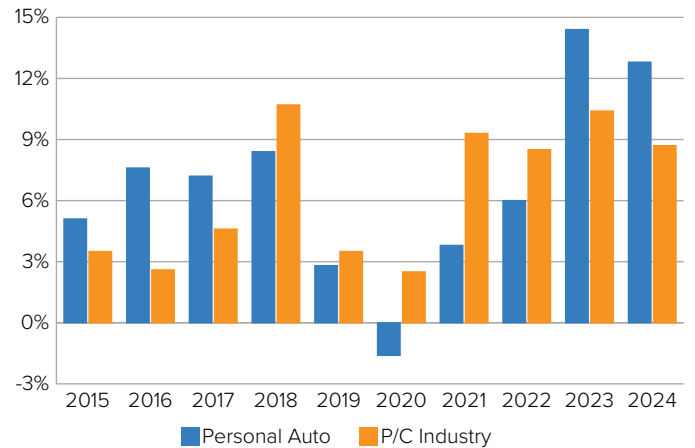
Replacement costs for personal auto as measured by new vehicles, used vehicles, motor vehicle parts and equipment, and motor vehicle maintenance and repair rose significantly post the onset of the COVID-19 pandemic, and insurers increased rates accordingly.

Net Combined Ratio, 2005-2024



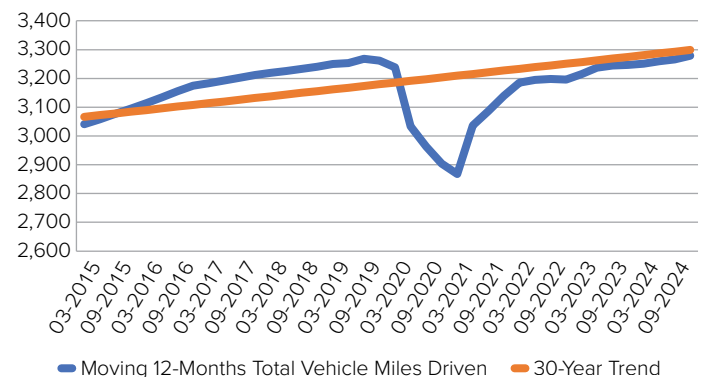
Source: S&P Global Market Intelligence as of 4/2025

Net Written Premium Growth Rate, 2015-2024



Source: S&P Global Market Intelligence as of 4/2025

Total Vehicle Miles Driven (millions), 2015-2024



Source: US Department of Transportation, Federal Highway Administration as of 5/2025

The [year-over-year \(YoY\) change in these Consumer Price Index \(CPI\) components](#) each have a correlation over 70 percent with the average rate changes taken by insurance carriers from 2015 to 2024:

- New Vehicles: 88 percent correlation when shifting YoY CPI change forward one year;
- Motor Vehicle Parts & Equipment: 74 percent correlation when shifting YoY CPI change forward one year;
- Used Vehicles: 79 percent correlation when shifting YoY change forward two years; and
- Motor Vehicle Maintenance & Repair: 78 percent correlation.

Losses

Personal auto direct incurred loss ratio has improved 21.7 points from a peak of 86 percent in the fourth quarter of 2022 to 64 percent at the end of 2024. However, improvement has varied between auto physical damage and auto liability, with more improvement in auto physical damage than auto liability. This disparity has reached 15.7 points in the fourth quarter of 2024, the largest difference in over 10 years.

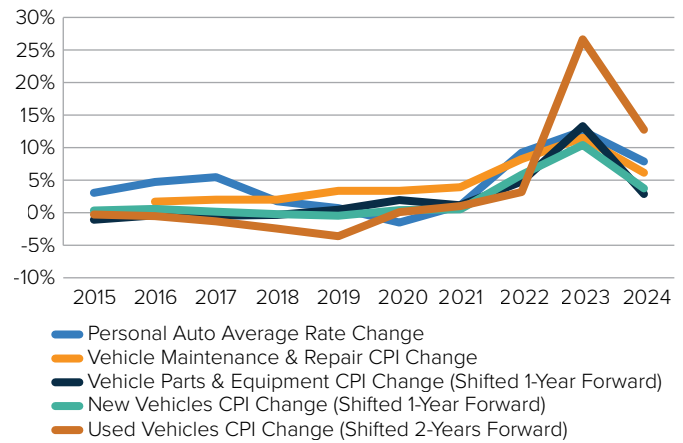
Loss trends in personal auto are driven by claim frequency (the number of claims per auto) and claim severity (the average cost per claim). For personal auto liability, frequency dropped in the first year of the pandemic and has remained below pre-pandemic levels, but severity has increased YoY. The pure premium trend (the composite of frequency and severity) has increased a cumulative 25.0 points from 2019 to 2024, a compound annual growth rate of 4.6 points, driven primarily by the average cost of claims during this period, which increased a cumulative 54.2 points.

Emerging Risks

Increasing severity in personal auto liability is a symptom of [legal system abuse](#), which includes increased litigation, larger jury awards, and rising attorney involvement in claims. Legal system abuse is a component of increasing inflation which drove auto liability losses and defense and cost containment (DCC) expenses up by a range of \$76.3 billion to \$81.3 billion from 2014 to 2023 according to the latest [Triple-I I Casualty Actuarial Society study](#).

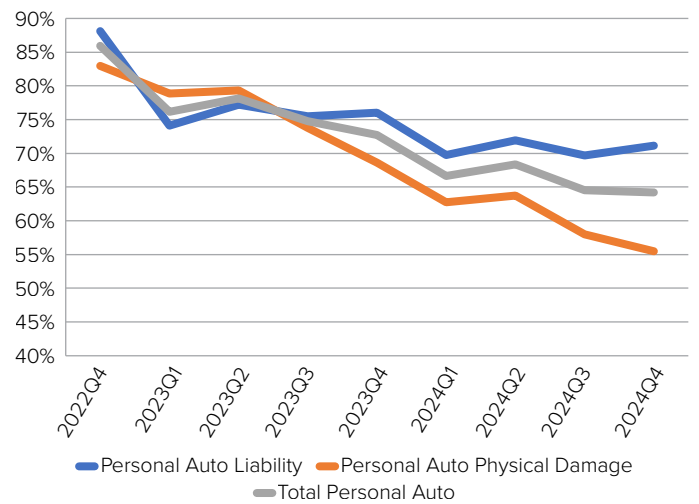
According to a 2024 report on [Rate Regulation in Personal Auto Insurance](#) produced by the [Insurance Research Council](#), the processes to achieve approved rate filings have grown more cumbersome countrywide from 2010 to 2023. The report found the average number of days to achieve approval grew by 40 percent, while the rate of filings receiving less rate impact than needed by insurance carriers grew by 10 points. These trends lead to less availability in the auto insurance market for consumers to purchase policies at competitive prices for the coverages they need.

Price Changes in Personal Auto Insurance, 2015-2024



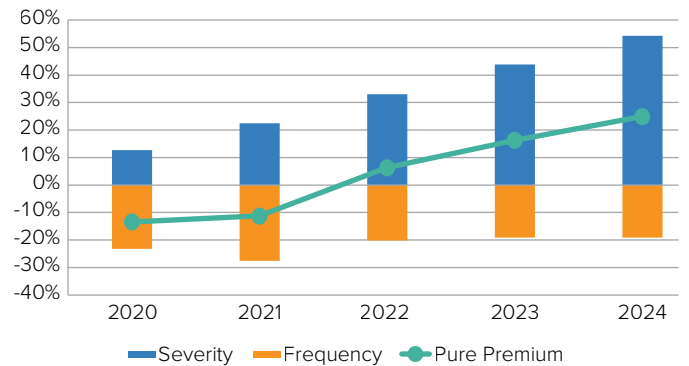
Source: S&P Global Market Intelligence as of 5/2025 | FRED (Federal Reserve Economic Data) Consumer Price Index types; All Items in U.S. City Average, Index 1982-1984=100, Annual, Not Seasonally Adjusted as of 5/2025

Direct Incurred Loss Ratio by Quarter, 2022Q4 - 2024Q4



Source: S&P Global Market Intelligence as of 4/2025

Personal Auto Liability - Cumulative Change in Pure Premium, 2020 - 2024



Source: Verisk ISO Fast Track frequency and severity as of 5/2025.