

While most car insurance refunds for the pandemic have ended, some insurers are offering discounts as motorists drive less



Traffic on Interstate 195 in downtown Richmond was light on an afternoon in April during what would have normally been the workday rush hour. Since the onset of the COVID-19 pandemic, accident claims have declined along with miles driven by Virginia auto owners. Many insurance companies are urging customers to sign up for “usage-based” programs.

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October 2020

Richmond Times-Dispatch

Automobile owners in Virginia will have to shop around now to get the best deals on car insurance if they are not driving as much during the pandemic.

Many of the rebates and discounts that insurers offered in the spring and early summer because of the coronavirus pandemic have expired.

But some insurers may continue to offer discounts based on a driver's individual travel habits, such as those still working from home, figuring that fewer cars on the road typically means fewer accident claims.

With the urging of state insurance regulators, numerous auto insurance companies offered insurance premium relief measures or rebates that generally shaved 15% to 25% off customers' premium payments for one or more months in the spring.

Overall, the relief returned about \$14 billion to policyholders nationwide, according to information compiled by the Insurance Information Institute and provided by Virginia's State Corporation Commission.

"At this point, most of those discounts have subsided," said Ryan Andrew of The Andrew Agency, an independent insurance agency in Henrico County that writes policies for about 40 insurance carriers. "At this point, they [insurers] are evaluating renewal premiums on an individual basis."

Some insurers continue to offer discounts.

For instance, Henrico-based Elephant Insurance announced in August that it would offer a discounted rate to customers working from home. The company said policyholders and spouses working from home and driving less would be eligible to receive the new discount, depending on the number of days driven to work and the customer's occupation.

"Some part of the workforce will be working from home for a while, and as long as they work from home, they deserve this consideration," said Alberto Schiavon, Elephant's CEO.

State Farm, the nation's largest auto insurer, started reducing auto rates in every state in May because of changes in driving behavior.

The company said the national average for those rate reductions is 11%, saving customers a total of about \$2.2 billion. Rate changes depend on a customer's individual renewals.

State Farm said its rate reduction went into effect on July 27 for new customers in Virginia, while existing customers will see the rate change on their renewal date.

The rate reductions in Virginia average about 9.6% and are expected to save the 1.2 million State Farm customers in the state a total of \$84.3 million.

Many other major auto insurers also offered deals in the spring that have since expired.

For instance, Allstate, the nation's fourth-largest auto insurer, refunded 15% of its customers' monthly premiums in April, May and June. The company said the paybacks amounted to more than \$1 billion.

Geico offered 15% credit on up to six months of premiums for customers who renewed or bought auto policies between early April and early October. The company said its discounts would total about \$2.5 billion.

The Travelers Cos. provided customers holding personal auto policies a 15% premium credit for April, May and June.

“Certainly, we would encourage consumers to call their independent insurance agent and say, ‘Is this going to continue, because I am still locked up at home or I am not doing anywhere near the travel that I was doing,’” said Robert Bradshaw, president of the Independent Insurance Agents of Virginia. “Certainly, now is the time to have a discussion with your insurance agent.”

Progressive provided a 20% credit to auto policyholders for two months starting in April. Since then, the company has been “adjusting rates surgically” on a state-by-state basis, a spokesperson said.

Miles driven and claims volumes have steadily increased since the spring, said Progressive spokesperson Jeff Sibel.

“While we don’t have plans to issue additional policy credits at this time, since the beginning of the pandemic, we have filed rate adjustments in 35 states, including in June lowering rates by 5% for our personal auto customers in Virginia,” he said. “We’ll continue to monitor our driving and claims data to determine where additional adjustments may be appropriate.”

A spokesperson for Nationwide said the Columbus, Ohio-based company is “taking the longer view while continuing to monitor consumer driving behaviors and how they impact future miles driven and accident frequencies.”

“We know customers want fair rates and agents are seeking stability,” said spokesperson Joe Case. “To the extent that lower miles driven or claims volume persists, we are taking that favorability into account in future renewal rates.”

Many insurance companies are pushing for customers to sign up for “usage-based” programs that would set their premiums based on how much they drive and their driving habits, said Andrew of The Andrew Agency.

Those programs involve installing a device in the car that track habits such as miles driven and speed.

“There are several variables they look at,” Andrew said. “It would determine your premium based on your individual habits.”

“We are trying to tell people to sign up for our usage-based program, if you are a good driver and you are driving less,” he said. But only a small percentage of drivers have opted to do that, he said, mostly because of privacy concerns.

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