



Maryland PPA Affordability Working Group Overview of Rising Costs of Auto Insurance

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**American Property Casualty Insurance
Association**
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Profitability: A.M. Best **Segment Outlooks** Personal Lines Insurance (December 2024)



Personal lines insurance just upgraded from Negative

- Negative outlook since September 2022 recently upgraded to Stable
- Underwriting losses: 2022-2024(est.) = **-\$40/48/21 billion**
- Upgrade due to Auto Segment improvement

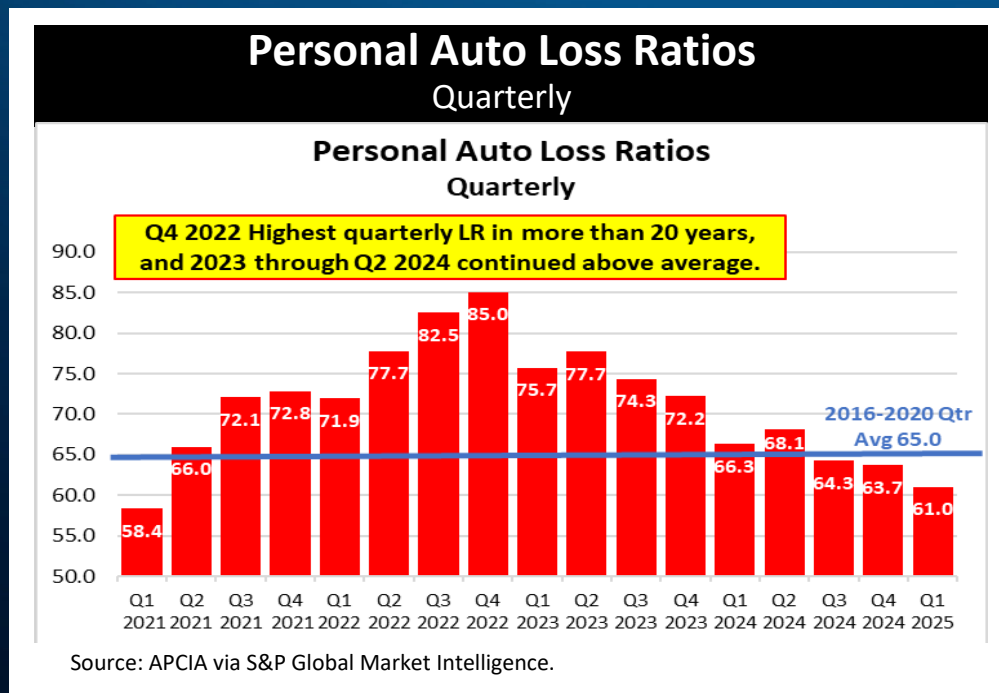


Personal Auto insurance upgraded from Negative

- Underwriting losses 2021, 2022, 2023 Upgraded from Negative in November 2024.
- Improved rate adequacy and risk-adjusted capital
- Headwinds include loss cost severity, higher fatality rates, increased repair costs, higher medical costs, inflation pressure, possible tariffs.

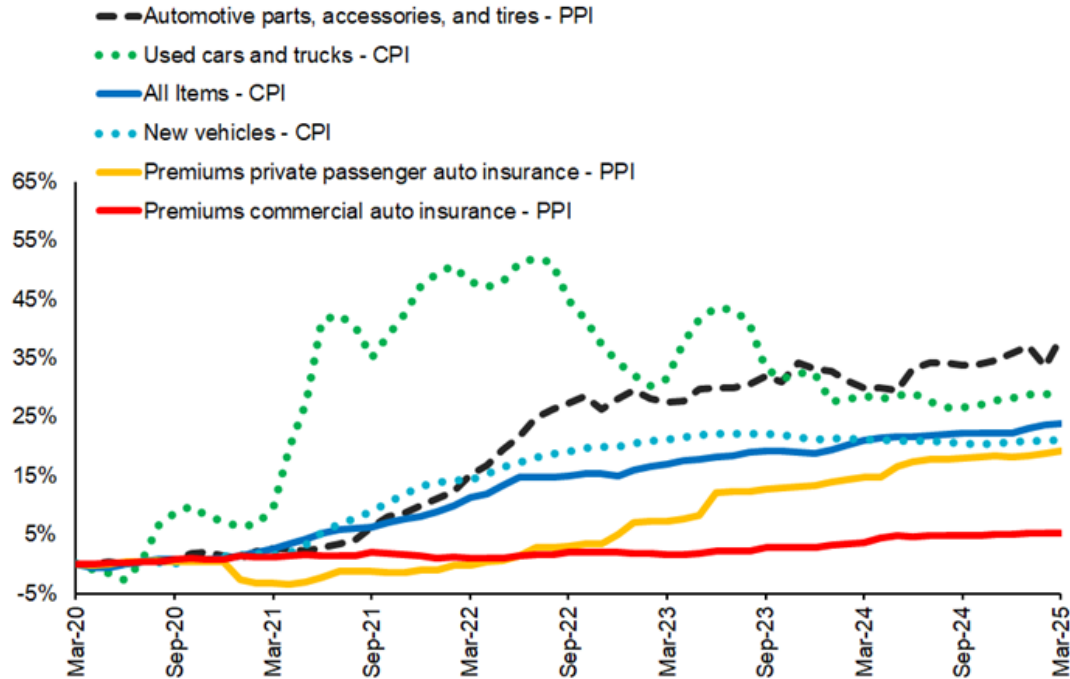


Auto: Countrywide Auto Loss Ratios Are Greatly Exceeding Long-Term Averages





Cumulative Price Changes

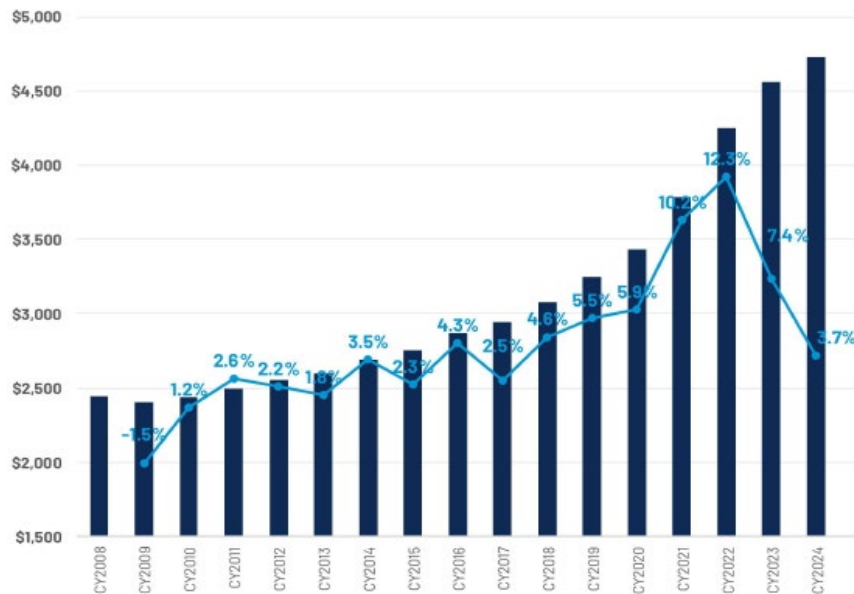


Source: Bureau of Labor Statistics.

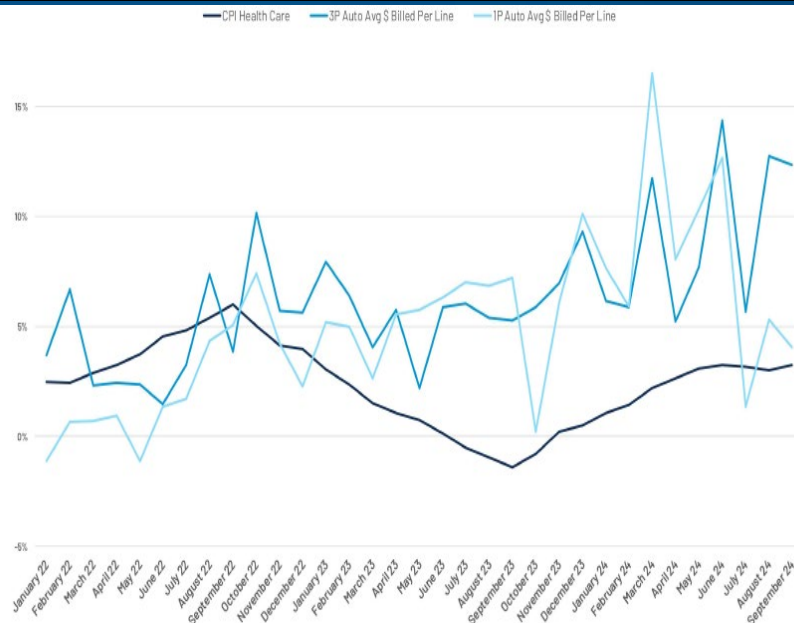


Increasing Costs of Repairing Cars/People

Average Total Cost of Repairs



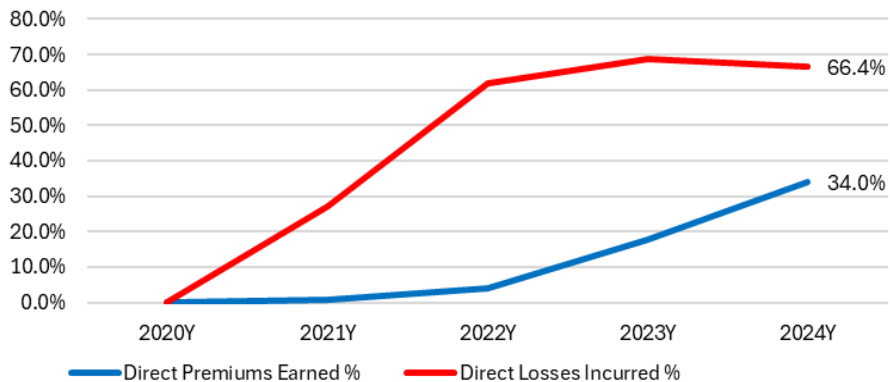
Avg. Medical Bill \$ per Bill Line vs. CPI





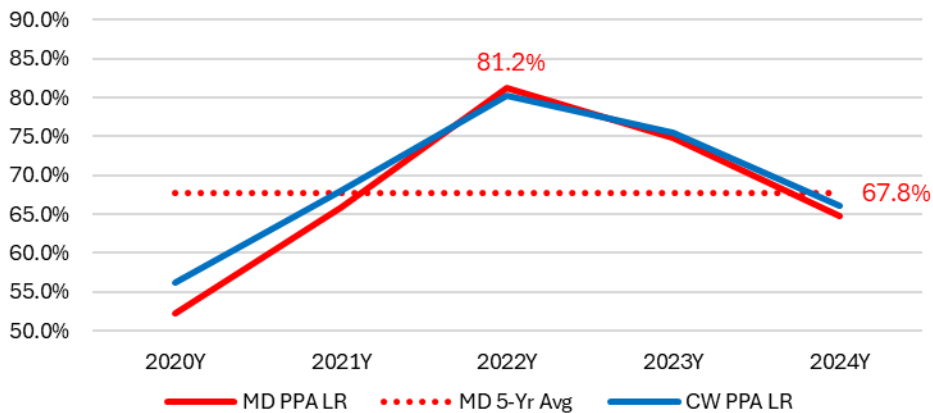
Maryland Personal Auto

Maryland Personal Auto Losses Growing Faster Than Premiums
Percentage Change Since 2020



Source: APCIA via S&P Global Market Intelligence.

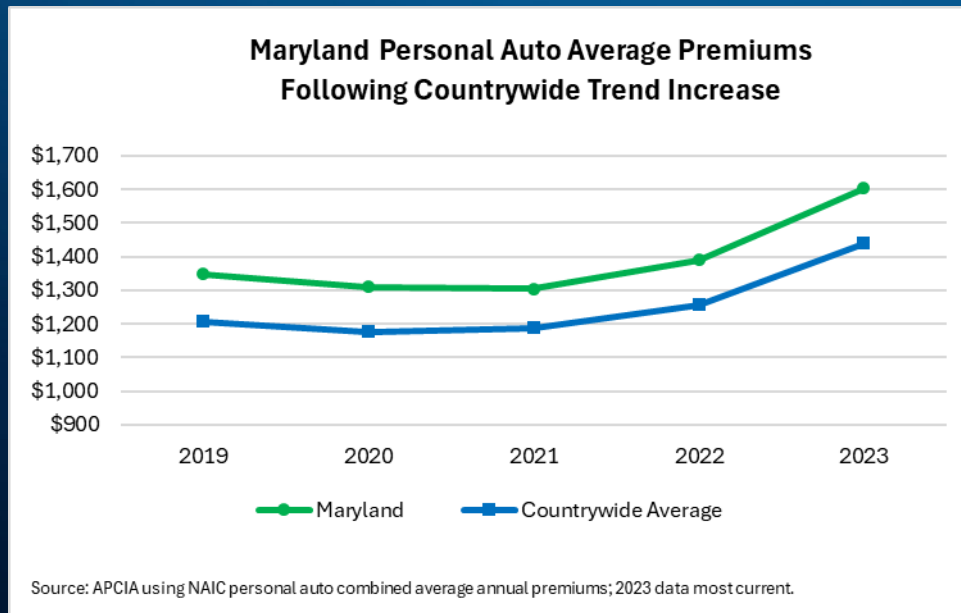
MD Personal Auto Loss Ratio



Source: APCIA via S&P Global Market Intelligence.

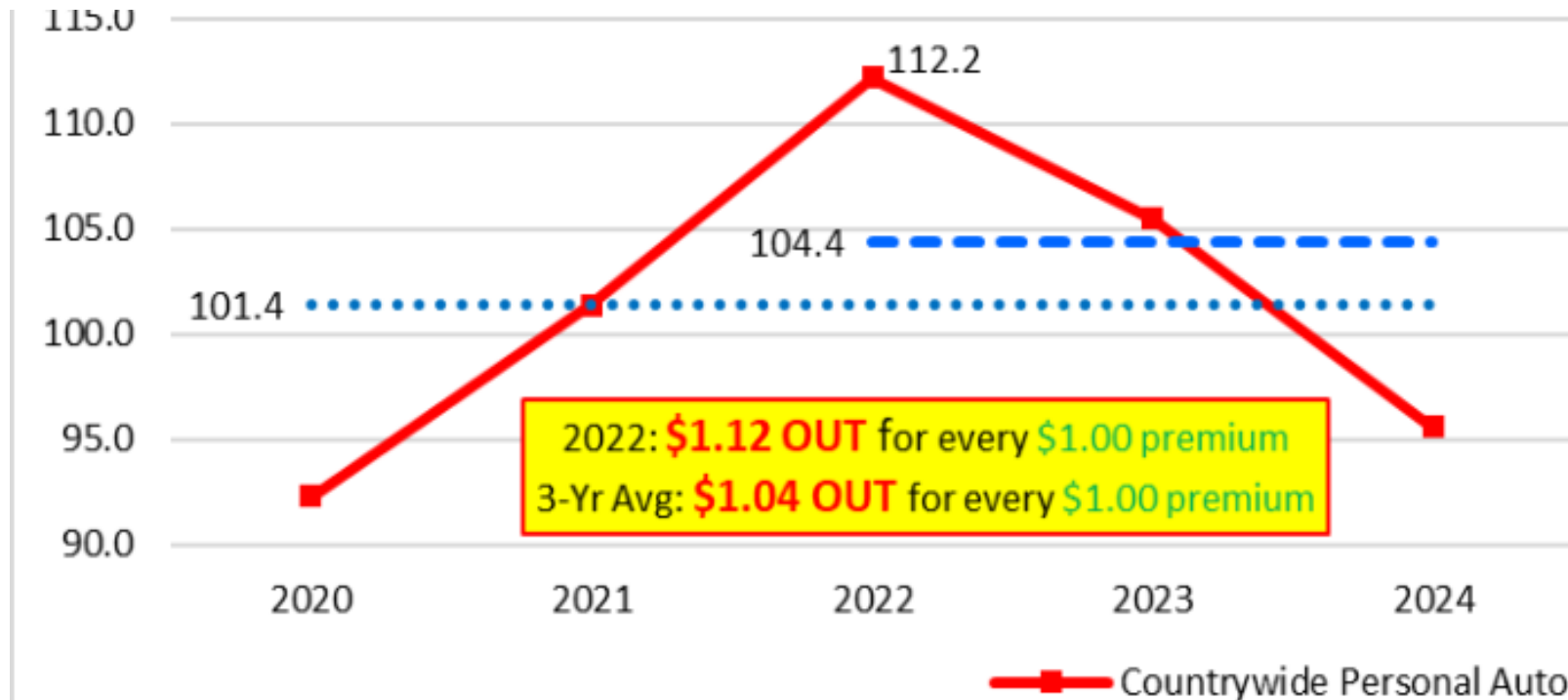


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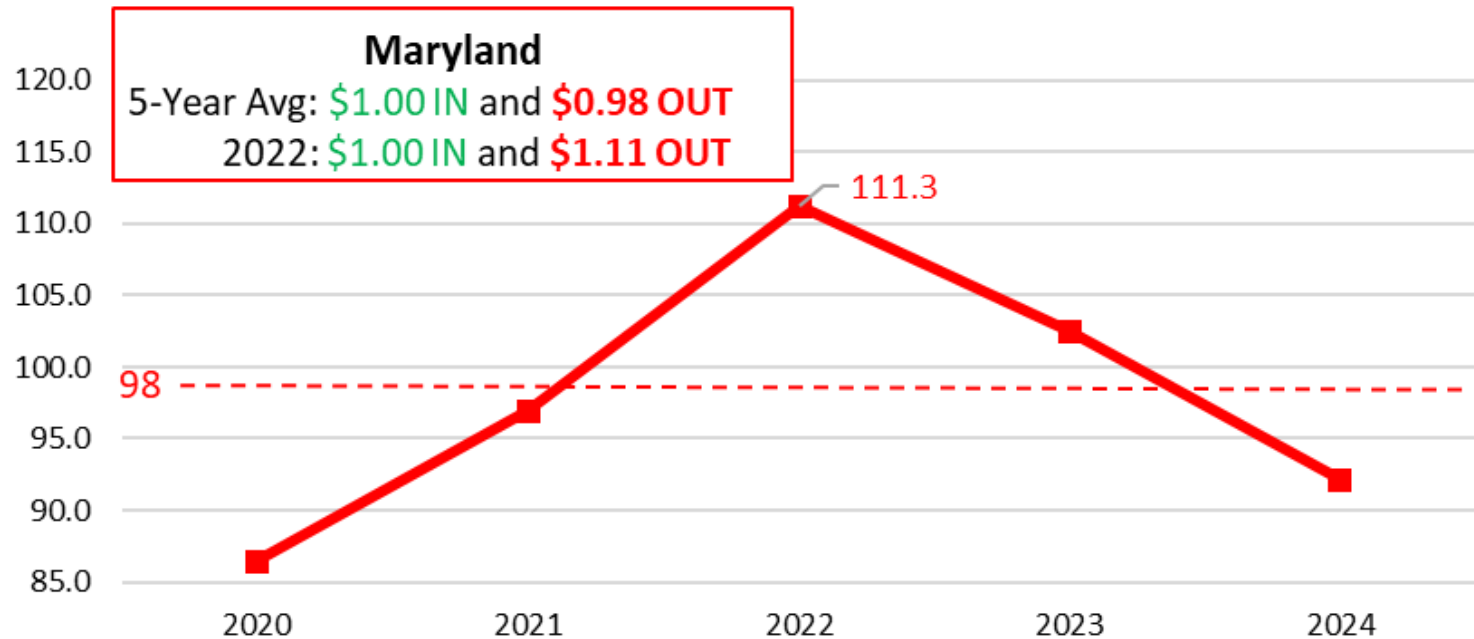


Auto: Countrywide Auto Combined Ratios Have not been Profitable





Maryland Personal Auto Insurance



Source: APCIA using NAIC data via S&P Global Market Intelligence. Combined Ratio: Incurred Losses plus Expenses divided by Earned Premium. Countrywide averages used for expense categories not available on a state-specific basis.



Driving is Getting Worse

- Speeding increased during the pandemic and has continued to worsen (minor speeding up 18%)
- Distracted driving (DD) also spiked 23% over the last 4 years.
 - Over 800,000 crashes per year due to distracted driving
- While miles driven has normalized and speeding/DD worsened, traffic violations have plummeted 20%
 - Less police enforcement





Questions