2020 Insurance Shopping Annual Report: Trends, Insights and Predictions

Personal automobile insurance shopping has evolved into a highly competitive market with multiple carriers vying for the same consumer pool. Knowing the size and composition of the market can give auto insurers important insights for reaching these consumers effectively.

The state of auto insurance shopping in the US will likely remain uncertain in the face of increased unemployment and work-from-home rates, both of which may contribute to a major drop in total miles driven. Examining the data from the last few unprecedented months can provide insights into this uncertain future.

For instance, auto insurance shopping had been trending higher year-over-year (YoY) through the first two months of 2020 — driven by increased vehicle purchases, more and easier ways to shop, and record insurance industry advertising spending.[1] However, the global coronavirus pandemic quickly cooled off the insurance market and shopping rates dropped as much as 14% YoY in the early weeks of the crisis.

Since then, shopping has rebounded and is now higher than 2019 levels.[2] A closer look at the data reveals how the shopping landscape has changed. Take for example that:

- Many higher-risk customers who might otherwise be expected to shop for insurance to find better prices tended to stop looking during the onset of the pandemic, possibly because other financial priorities took precedence
- The youngest consumers, who were most likely to have their income affected by pandemic-related lockdowns, showed big swings in insurance shopping
- Many ordinary events that would normally drive shopping behavior — marriage, moving, even annual tax refunds — have been postponed due to the pandemic

Read on for more data, details and trends.

Note: This report leverages TransUnion's position as the market-share leader for insurance-related credit, coupled with a deep view of the consumer, to help carriers understand why and how people shop for insurance. Unless otherwise noted, all data and corresponding analysis presented within this study is proprietary, internal TransUnion data.

TransUnion

Insight into the consumer shopping experience

To gain deeper insight beyond credit-based data, TransUnion surveyed more than 3,000 auto insurance policyholders on a variety of questions pertaining to their auto insurance shopping preferences and factors that influence their shopping decisions. The resulting insights, paired with TransUnion's credit-based shopping trend data, provide insurers with an unparalleled view into the "who" and "why" behind auto insurance shopping.

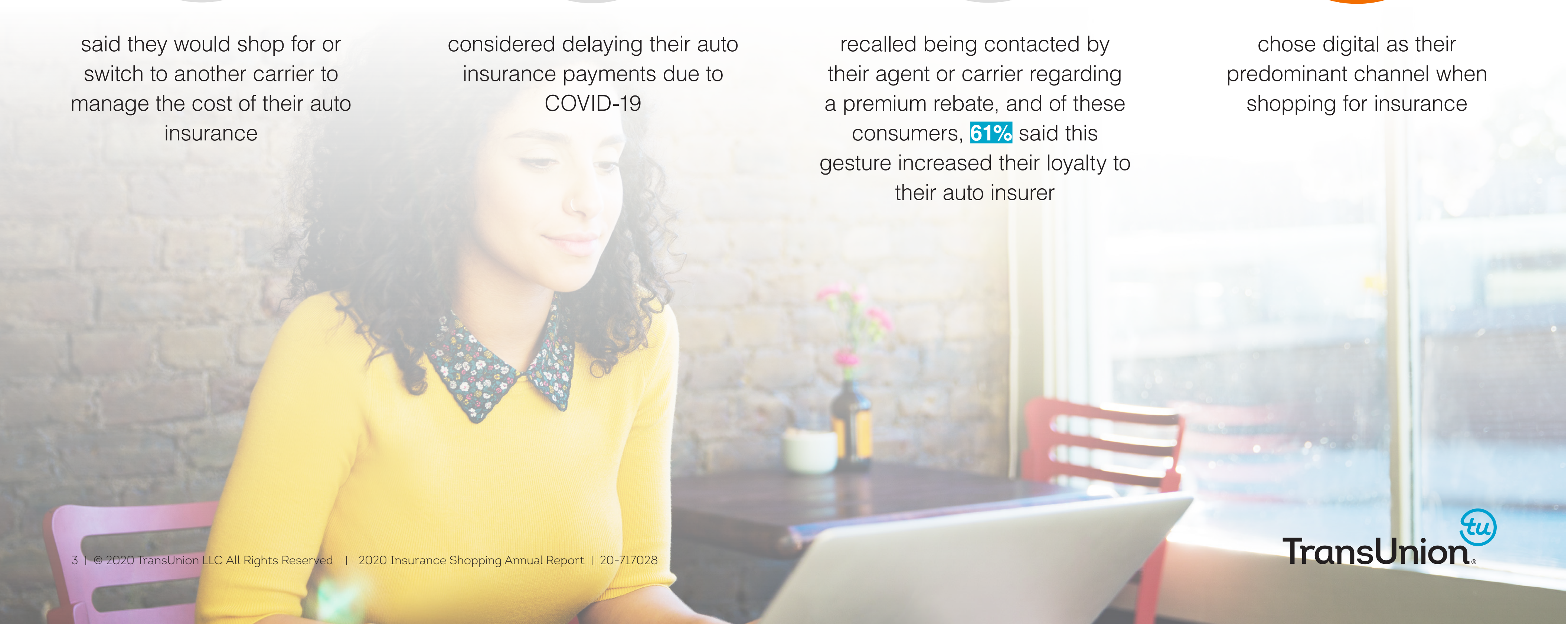
The driving forces behind auto insurance shopping vary across generations, regions and financial situations, just to name a few. In some cases, these differences have become even more pronounced as a result of COVID-19 and the ensuing effects on US households. With that in mind, here are some key insights from TransUnion's July 2020 consumer survey:

35% said they would shop for or switch to another carrier to manage the cost of their auto insurance

22% considered delaying their auto insurance payments due to COVID-19

45% recalled being contacted by their agent or carrier regarding a premium rebate, and of these consumers, **61%** said this gesture increased their loyalty to their auto insurer

58% chose digital as their predominant channel when shopping for insurance



What makes people shop?

Insurance may not be top-of-mind for most people, but insurance carriers spend billions of dollars a year trying to capture consumer attention. Top carriers compete with one another using high-profile ad campaigns, funneling prospects to mobile apps and websites that auto-populate consumer data and make it easy and convenient to compare prices before making a decision and buying a new policy. Smaller carriers and InsureTech platforms typically target niche markets, relying more heavily on targeted advertising tactics due to lower allowable acquisition costs than the bigger players in the market.

What factors, however, prompt an individual to shop for insurance? Let's look at four: marketing spend, tax refunds, life events and a potential customer's social circle.

More marketing leads to more shopping

The automobile insurance shopping rate (calculated as the ratio of number of consumers who got an auto insurance quote to the total number of credit-active consumers in US, grossed up to represent market level activity) was directly correlated to the insurance industry's advertising spend for most of the period from 2012 to 2019.[2] A notable exception to this is the period from 2014 to 2016, when the industry experienced an above-average increase in losses; as a result, many carriers increased rates to compensate, which led to an increase in shopping activity in spite of a flat advertising spend (Figure 1). Interestingly, only 21% of consumers surveyed indicated that advertising is a factor in who they selected for their insurance needs; however, it's clear that increasing ad spend drives shopping overall.

Tax refunds enable big purchases

Tax refunds effectively put money into consumers' hands and can be used for vehicle purchases, which, in turn, drives auto insurance shopping.[3] Historically, this phenomenon has had a ripple effect roughly six months later for policy renewals (as marked in Figure 2 with blue circles). However, in 2020, the March tax refund effect was notably absent, likely due to the Coronavirus Aid, Relief, and Economic Security (CARES) Act extending the tax filing deadline to July.[4]

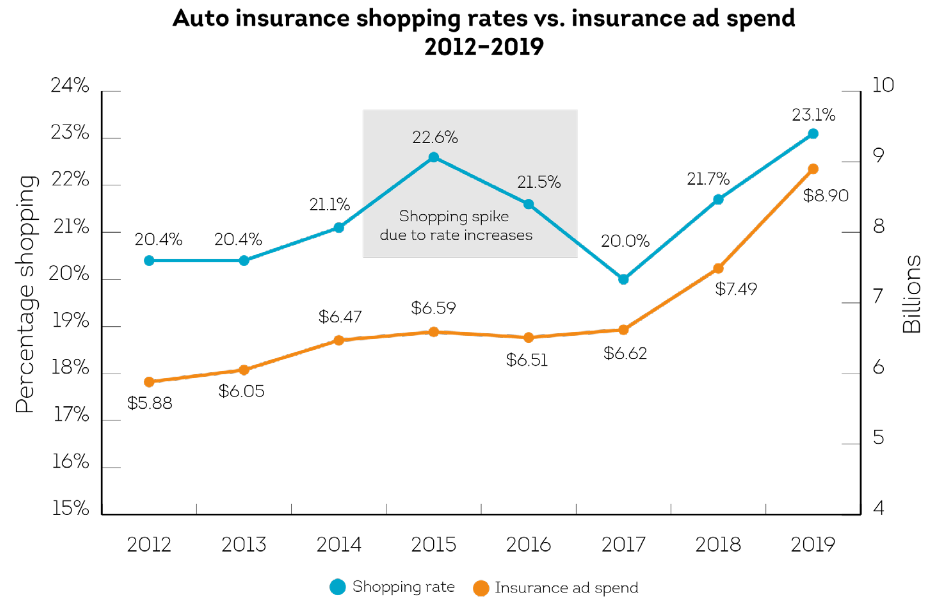


Figure 1. Shopping activity correlated with advertising spend for most of the period from 2012–2019.
Sources: Shopping data: TransUnion auto insurance shopping data, 2012-2019.
Advertising data: Dowling & Partners Securities.

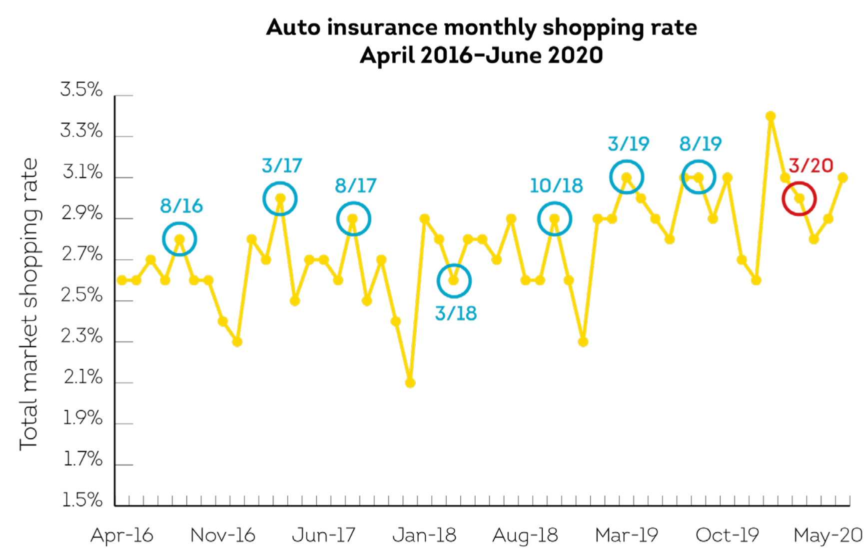


Figure 2. Monthly auto insurance shopping rates.
Source: TransUnion auto insurance shopping data, April 2016–June 2020

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Life changes drive insurance shopping

Life events, such as moving, buying a car or buying a new home, can all be leading indicators that correlate to shopping for auto insurance. In fact, nearly 30% of consumers reported that a major life event was the driving force behind their decision to shop.[5] An example of a life event observed within credit data is a "mover," where an address change was observed. For customers with an address change observed on a credit report, insurance shopping is 200% higher than non-movers in the preceding month (Figure 3).

In 2020, many life events that drive auto insurance shopping — marriage, higher education, having children — have been put on hold. Instead, different types of life events, such as job loss or reduction in pay due to the economic fallout from the COVID-19 pandemic, may take their place.

Another example of a life event driving auto insurance shopping is used car sales, which account for approximately two-thirds of total vehicle purchases and historically spike in March.[6] Q1 2020 used car sales revenue declined precipitously relative to prior years due to the financial slowdown, uncharacteristically lagging behind insurance shopping in April (Figure 4). This rare diversion between used auto sales and insurance shopping is likely due to insurance shopping being driven by carrier premium rebates, coupled with more time to shop while being quarantined at home. Conversely, visiting used car dealerships was more difficult during the initial days of the quarantine, while zero-interest long-term loans and payment deferments drove new car sales higher. Despite this initial decline, sales of used vehicles have come back strong, surpassing even pre-pandemic forecasts.[6]

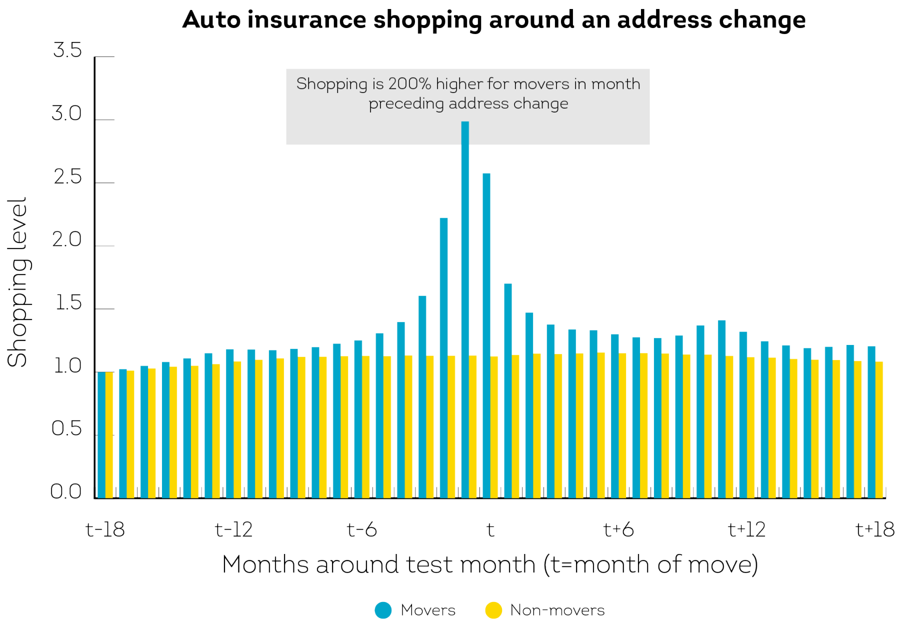

Figure 3. Insurance shopping is 200% higher for movers than non-movers in the month preceding an address change 2020

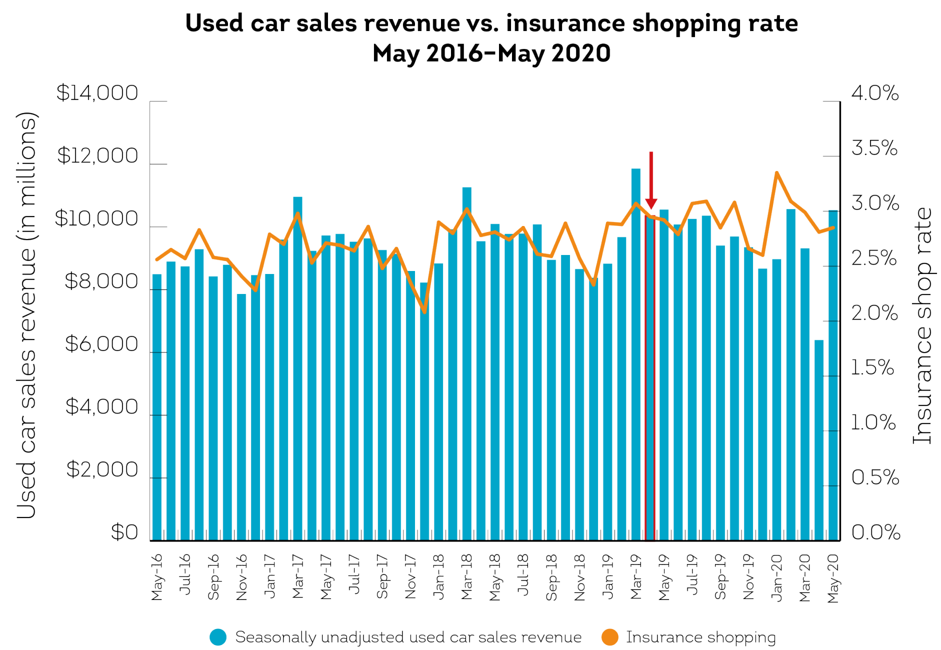

Figure 4. Q1 used car sales revenue declined precipitously relative to prior years. Source: US Census Bureau. Release: Monthly Retail Trade and Food Services. Units: Millions of dollars, not seasonally adjusted

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Social circles influence insurance shopping

Shopping for auto insurance can have a social dimension as well. For instance, a family member may purchase a new car, which then may lead others in the family to do so, or a person might have a bad claims experience with an insurance company that then causes someone in their social circle to shop elsewhere.

TransUnion developed an internal study that connected US consumers based on current and historical address and financial tradeline connections, linking people who aren't spouses, but share an address or are co-signers on the same loan. The results showed that an individual was 2.5 times as likely to shop if one of their connections had shopped within the past year.[7] Furthermore, approximately one in four consumers say that a recommendation from a friend or family member was the driving force behind their decision to shop for auto insurance.[5]

Shopping by the numbers

Shopping rates on the rise for the past three years

Overall, insurance shopping increased to 23.1% of credit-active consumers in 2019, which is consistent with a substantial 18.1% increase in industry advertising spend (Figure 5).[1]

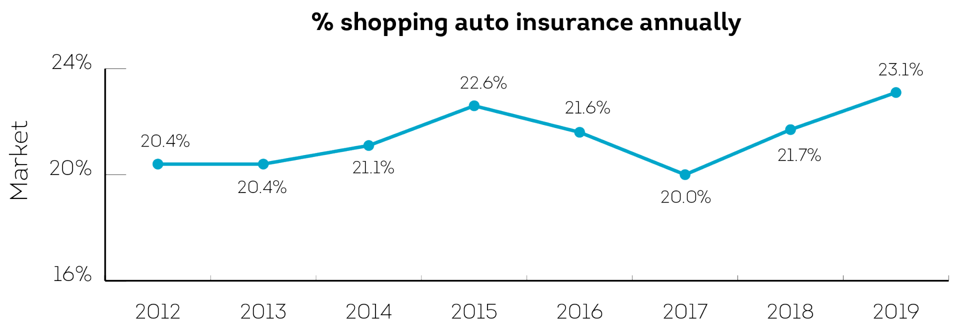
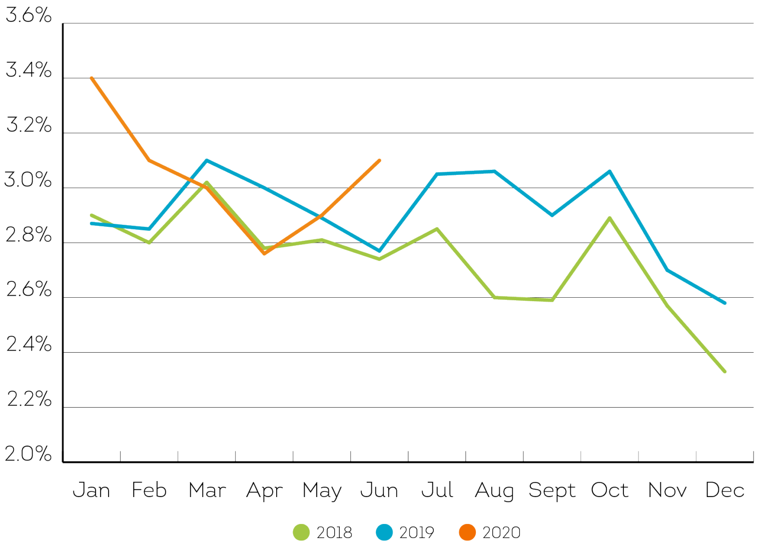


Figure 5. Overall insurance shopping rate 2012–2019. | Source: TransUnion auto insurance shopping data, 2012–2020

YoY rates were up before the COVID-19 crisis

The influence of increased marketing spend is apparent as insurance shopping trended higher from July of 2019 until the global pandemic was declared in March of 2020 (Figure 6).

Monthly shopping rates
January 2018–June 2020



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2018	2.9	2.8	3.0	2.8	2.8	2.7	2.9	2.6	2.6	2.9	2.6	2.3
2019	2.9	2.9	3.1	3.0	2.9	2.8	3.1	3.1	2.9	3.1	2.7	2.6
2020	3.4	3.1	3.0	2.8	2.9	3.1						

Figure 6. Insurance shopping trends.
Source: TransUnion auto insurance shopping data, 2018–2020

As the pandemic set in, advertising spending dropped, including spending on direct mail, which is usually a mainstay of insurance advertising. The estimated direct mail volume for P&C insurance for the first five months of 2020 showed a drop in YoY volume starting in April (Figure 7). Rather than focusing on savings-related messaging, the predominant marketing theme as the pandemic set in was "we're here for you," with an overall reduction in ad frequency. This tone was further supported by premium rebates, which almost half of consumers surveyed reported receiving,[5] offered by carriers as the initial days of the pandemic limited most people to stay quarantined in their homes and therefore limited their miles driven.

P&C insurance estimated direct mail volume

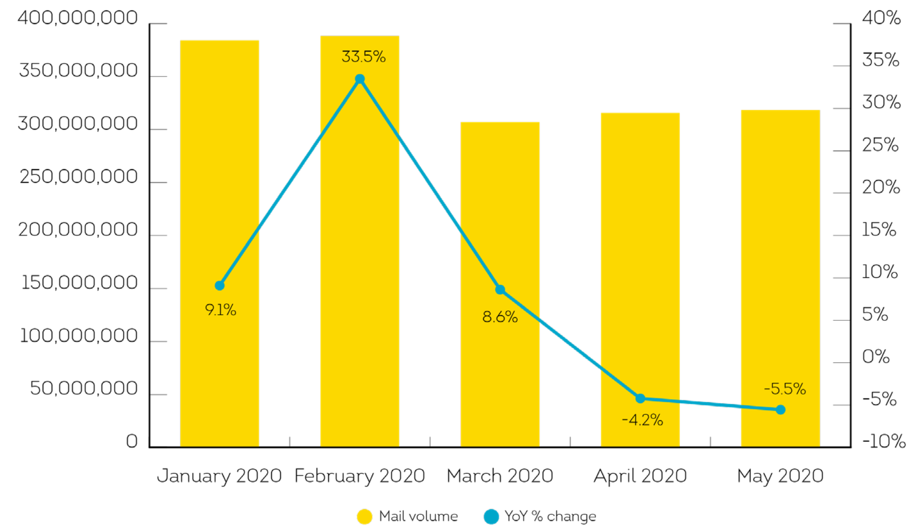


Figure 7: Estimated direct mail volume for P&C insurers January-May 2020
Source: Mintel

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Shopping bottomed out in April, but began to rebound in May and continued its rise through June, exceeding the monthly shopping rate of the two prior years.[2] This is a positive movement, but it's too soon to conclude if the trend will continue. "A variety of factors are likely at play," says David Drotos, Vice President of Insurance Solutions at TransUnion, in TransUnion's Auto Insurance Shopping Snapshot June report. "Premium rebates, stimulus checks and expanded unemployment benefits through the CARES Act may all be contributing to the increased shopping activity."

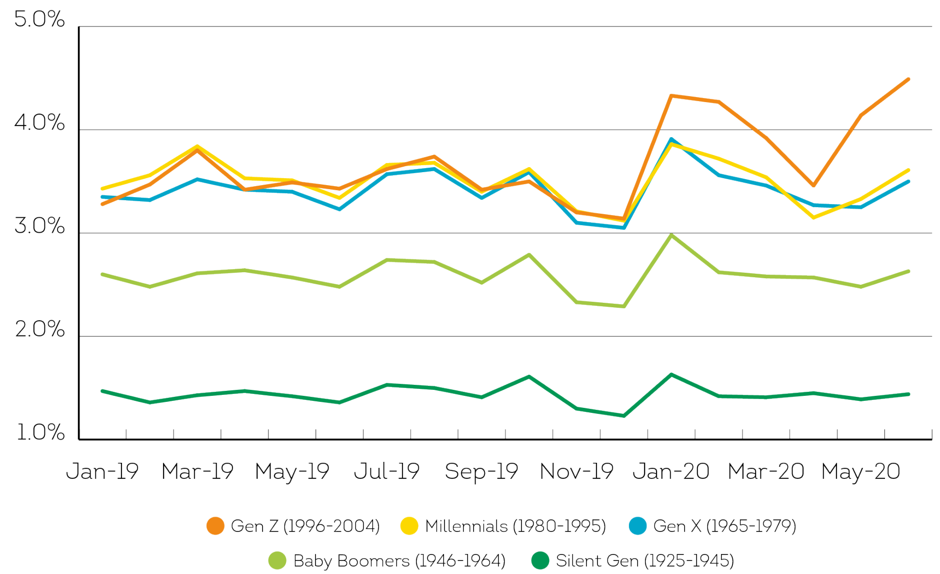
Shopping varies by age

The percentage of consumers who shopped in 2019 was the lowest amongst older shoppers, who often have fewer life events and thus more stability (Figure 8). The majority of Baby Boomers and the Silent Generation surveyed reported not having shopped for auto insurance in over a year.[5] In contrast, younger drivers are generally more price-sensitive; they're also less likely to own a home, which means they wouldn't have bundled auto and home insurance policies and can more readily shop around.

However, COVID-19 meant that the Q1 insurance shopping season of 2020 looked different. The percentage of shoppers in Gen Z had an exaggerated spike in Q1 and were the highest consumer segment surveyed to have indicated shopping for insurance in the past six months,[5] possibly because they've recently become registered owners of vehicles and are buying their own insurance.[8]

Furthermore, in TransUnion's recent Consumer Financial Hardship Study, the survey responses show that younger generations are more impacted by job losses or reductions in work hours, which correlates to the ability to afford insurance. Twenty-two percent of all consumers surveyed considered delaying their insurance payments due to COVID-19; more than 30% of this cohort was comprised of Gen Z consumers, versus 10% of Baby Boomers.[5]

Monthly shopping rate by generation
January 2019–June 2020



	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
Gen Z	3.3%	3.5%	3.8%	3.4%	3.5%	3.4%	3.6%	3.7%	3.4%
Millennials	3.4%	3.6%	3.8%	3.5%	3.5%	3.3%	3.7%	3.7%	3.4%
Gen X	3.4%	3.3%	3.5%	3.4%	3.4%	3.2%	3.6%	3.6%	3.3%
Baby Boomers	2.6%	2.5%	2.6%	2.6%	2.6%	2.5%	2.7%	2.7%	2.5%
Silent Gen	1.5%	1.4%	1.4%	1.5%	1.4%	1.4%	1.5%	1.5%	1.4%

	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Gen Z	3.5%	3.2%	3.1%	4.3%	4.3%	3.9%	3.5%	4.1%	4.5%
Millennials	3.6%	3.2%	3.1%	3.9%	3.7%	3.5%	3.2%	3.3%	3.6%
Gen X	3.6%	3.1%	3.1%	3.9%	3.6%	3.5%	3.3%	3.3%	3.5%
Baby Boomers	2.8%	2.3%	2.3%	3.0%	2.6%	2.6%	2.6%	2.5%	2.6%
Silent Gen	1.6%	1.3%	1.2%	1.6%	1.4%	1.4%	1.5%	1.4%	1.4%

Figure 8. The percentage of consumers who shopped in 2019 was lowest amongst older shoppers. Source: TransUnion auto insurance shopping data, 2019–2020

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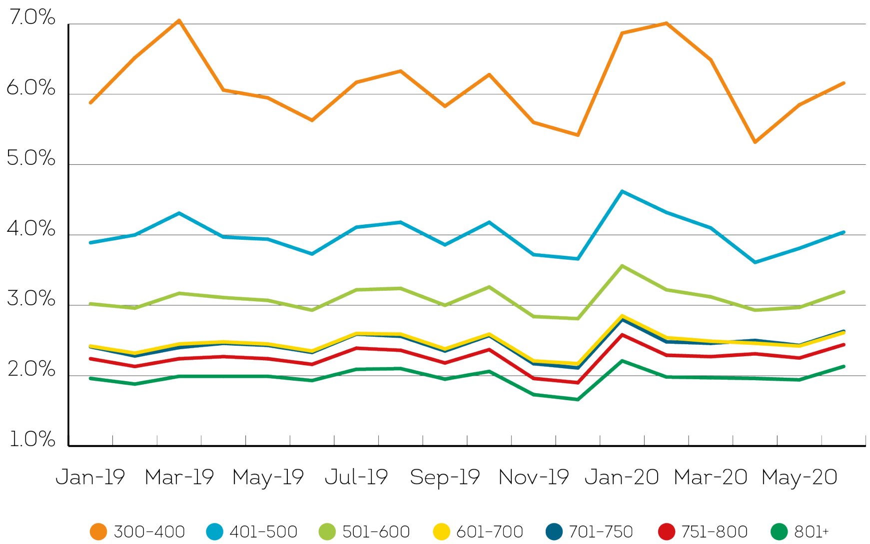
Riskier customers shop more

In looking at the correlation between TransUnion's TrueRisk® Auto Score (a credit-based insurance risk score) and insurance shopping, customers in the higher risk 300–400 score band shopped the most, and those in the lowest-risk 801+ band shopped the least between January 2019 and June 2020 (Figure 9). The lower score bands include more young drivers, who tend to have greater price sensitivities and more fluid insurance needs. The dip-and-then-recovery trend related to the economic impact of COVID-19 was more pronounced for the lowest score band than it was in the highest band, but shopping rates began returning to normal ranges for the respective score bands by the end of May.

Monthly insurance shopping by TrueRisk credit tier
January 2019–June 2020



	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
300-400	5.9%	6.5%	7.1%	6.1%	6.0%	5.6%	6.2%	6.3%	5.8%
401-500	3.9%	4.0%	4.3%	4.0%	3.9%	3.7%	4.1%	4.2%	3.9%
501-600	3.0%	3.0%	3.2%	3.1%	3.1%	2.9%	3.2%	3.2%	3.0%
601-700	2.4%	2.3%	2.5%	2.5%	2.5%	2.4%	2.6%	2.6%	2.4%
701-750	2.4%	2.3%	2.4%	2.5%	2.4%	2.3%	2.6%	2.6%	2.4%
751-800	2.2%	2.1%	2.2%	2.3%	2.2%	2.2%	2.4%	2.4%	2.2%
801+	2.0%	1.9%	2.0%	2.0%	2.0%	1.9%	2.1%	2.1%	2.0%

	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
300-400	6.3%	5.6%	5.4%	6.9%	7.0%	6.5%	5.3%	5.9%	6.2%
401-500	4.2%	3.7%	3.7%	4.6%	4.3%	4.1%	3.6%	3.8%	4.0%
501-600	3.3%	2.8%	2.8%	3.6%	3.2%	3.1%	2.9%	3.0%	3.2%
601-700	2.6%	2.2%	2.2%	2.9%	2.5%	2.5%	2.5%	2.4%	2.6%
701-750	2.6%	2.2%	2.1%	2.8%	2.5%	2.5%	2.5%	2.4%	2.6%
751-800	2.4%	2.0%	1.9%	2.6%	2.3%	2.3%	2.3%	2.3%	2.4%
801+	2.1%	1.7%	1.7%	2.2%	2.0%	2.0%	2.0%	1.9%	2.1%

Figure 9. TrueRisk Auto Score and shopping behavior.
Source: TransUnion auto insurance shopping data, 2019–2020

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Financially burdened consumers often make decisions based on immediate needs in economic downturns, and will likely balance insurance spending against healthcare, food, housing and other necessities. According to a recent TransUnion consumer survey, more than half of respondents say their income has been negatively impacted by COVID-19.[5] The percent of consumers with negatively impacted income varied by generation, with Gen Z having the highest percentage impacted.

Gen Z

61%

of Gen Z consumers have had their income negatively impacted

50%

of Gen Z consumers surveyed also reported a household income of less than $50,000 per year[5]

Millennials

60%

Gen X

55%

Baby Boomers

44%

Silent Generations

39%

High unemployment further exacerbates this situation, creating difficult choices for many Americans as they navigate the COVID-19 economy.

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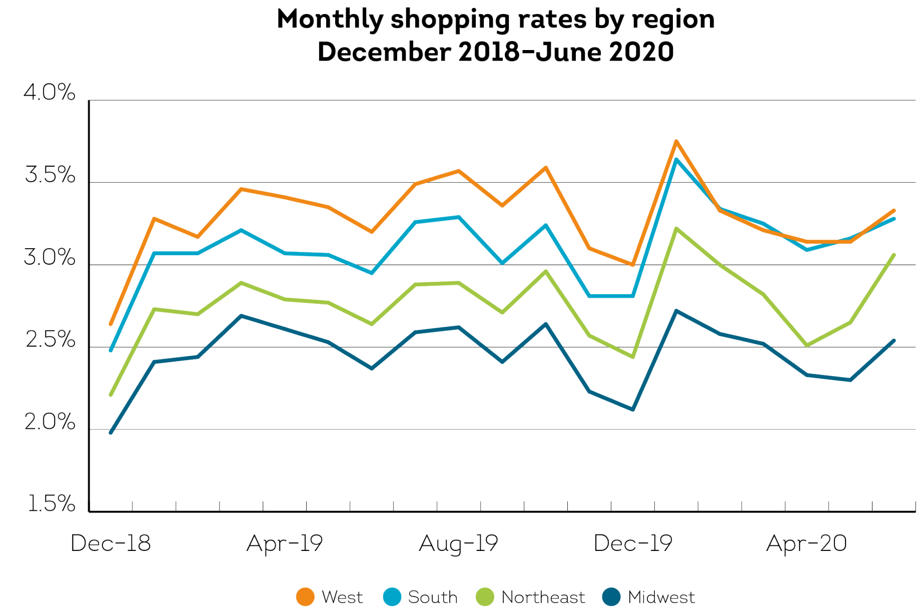
Shopping varies by region

The Southern and Western parts of the US typically shop at greater rates than the Northeast and Midwest, which may arise from a greater concentration of higher-risk (and price-sensitive) shoppers in the South and West (note that CA, MA and HI are not included as they do not permit the use of credit for insurance underwriting).[9] In the wake of the pandemic, shopping activity in the hard-hit Northeast fell faster and recovered more slowly than in the South (Figure 10).

As noted in our June Snapshot Report, Southern states were late to initiate stay-at-home orders and early to reopen. It was a different story in the Northeast, with the high total and per capita numbers of COVID-19 cases in New York and New Jersey creating greater immediate economic pressure. For instance, more than half of consumers surveyed in the Northeastern region had their household income negatively impacted by COVID-19, mostly due to decreased working hours and thus, lowered income. As the Northeast reopened more fully, the YoY shopping rates picked up again and experienced faster growth observed than other regions through June.

Another factor in the geographic variation may be tied to the weekly $600 payments provided by the CARES Act to supplement state unemployment compensation through the end of July.[10] In certain Southern states, these payments could be stretched further due to a lower cost of living.[11] However, Southern and Western states accounted for 9 of the top 10 states reporting hardships on auto loans, which may be a leading indicator of insurance shopping trends to come.[2] Moreover, roughly one in four consumers surveyed in these regions (23% in Western states and 26% in Southern states) attributed the need to reduce expenses because of COVID-19 as the primary reason for their shopping.[5]



	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
West	2.6%	3.3%	3.2%	3.5%	3.4%	3.4%	3.2%	3.5%	3.6%	3.4%
South	2.5%	3.1%	3.1%	3.2%	3.1%	3.1%	3.0%	3.3%	3.3%	3.0%
Northeast	2.2%	2.7%	2.7%	2.9%	2.8%	2.8%	2.6%	2.9%	2.9%	2.7%
Midwest	2.0%	2.4%	2.4%	2.7%	2.6%	2.5%	2.4%	2.6%	2.6%	2.4%

	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
West	3.6%	3.1%	3.0%	3.8%	3.3%	3.2%	3.1%	3.1%	3.3%
South	3.2%	2.8%	2.8%	3.6%	3.3%	3.3%	3.1%	3.2%	3.3%
Northeast	3.0%	2.6%	2.4%	3.2%	3.0%	2.8%	2.5%	2.7%	3.1%
Midwest	2.6%	2.2%	2.1%	2.7%	2.6%	2.5%	2.3%	2.3%	2.5%

Figure 10. Shopping activity by region.
Source: TransUnion auto insurance shopping data, 2018–2020

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Rising state GDPs boost insurance shopping

From 2016 to 2019, insurance shopping activity decreased in only five states. Ten states saw more than 20% growth during this time period (Figure 11).

Insurance shopping change by US state, 2016–2019

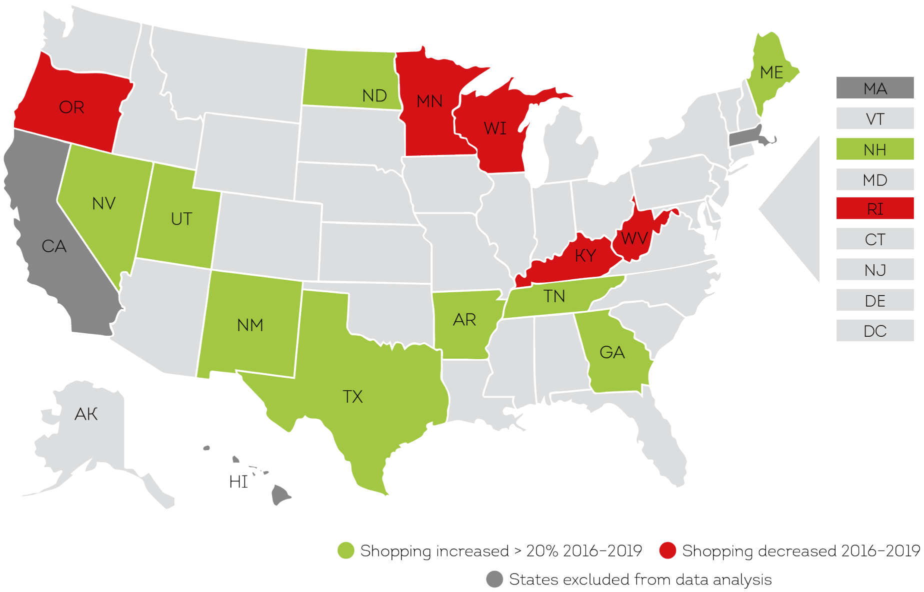


Figure 11. Insurance shopping by US state.
Source: US Bureau of Economic Analysis

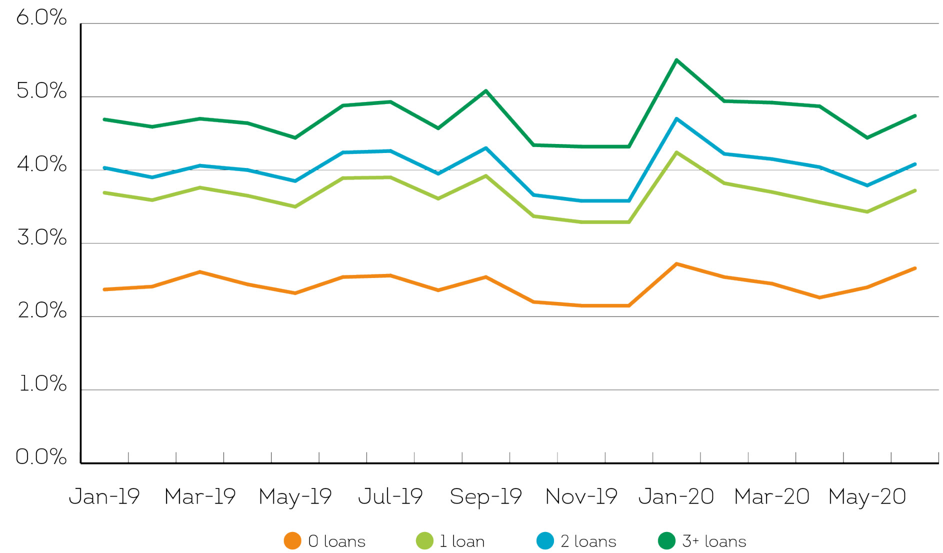
A leading statistic that may help explain this variation is the change in states' gross domestic product (GDP) over this period. Measured as a group, the states where shopping increased over 20% from 2016 to 2019 had a 3.2% compound annual growth rate in GDP, while the states where shopping decreased saw only 2.0% growth over the same time period.[12]

Asset ownership affects shopping

There is a clear correlation between the number of open auto loans and shopping for auto insurance (Figure 12). The more vehicle loans a consumer has, the more likely those cars are newer models that are more expensive to insure, which can drive more frequent shopping in search of a favorable premium. Multiple loans may also indicate younger drivers in the household, creating further pressure to find the best price.

At the beginning of the COVID-19 outbreak, the shopping rate of all cohorts dropped, and as of May 2020, shopping had only increased again for those without any open auto loans. By June, shopping had increased for all cohorts, but those without loans exhibited the least shopping volatility over time, even during the COVID-19 crisis.

Shopping rates by open auto loans
January 2019–June 2020



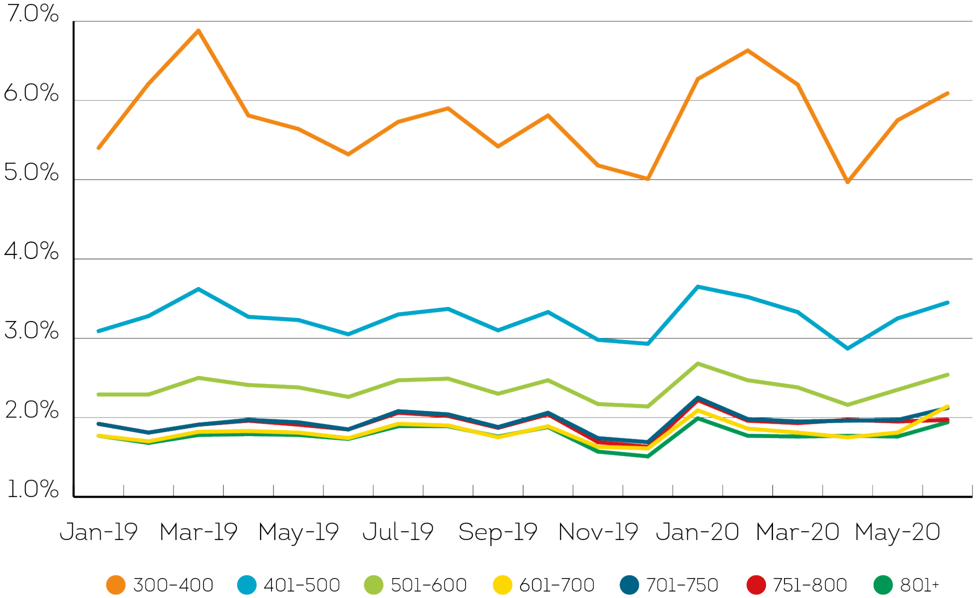
	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
0	2.4%	2.4%	2.6%	2.4%	2.3%	2.5%	2.6%	2.4%	2.5%
1	3.7%	3.6%	3.8%	3.7%	3.5%	3.9%	3.9%	3.6%	3.9%
2	4.0%	3.9%	4.1%	4.0%	3.9%	4.2%	4.3%	4.0%	4.3%
3+	4.7%	4.6%	4.7%	4.6%	4.4%	4.9%	4.9%	4.6%	5.1%

	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
0	2.2%	2.2%	2.2%	2.7%	2.5%	2.5%	2.3%	2.4%	2.7%
1	3.4%	3.3%	3.3%	4.2%	3.8%	3.7%	3.6%	3.4%	3.7%
2	3.7%	3.6%	3.6%	4.7%	4.2%	4.2%	4.0%	3.8%	4.1%
3+	4.3%	4.3%	4.3%	5.5%	4.9%	4.9%	4.9%	4.4%	4.7%

Figure 12. Correlation between the number of open auto loans and shopping for auto insurance. | Source: TransUnion auto insurance shopping data, 2019–2020

A closer examination of shoppers without auto loans reveals that the highest rate of shopping activity resides in the lower TrueRisk score bands (Figure 13). The data could suggest that a significant portion of these shoppers without loans are driving older vehicles that have been paid off or never required a loan in the first place. Among shoppers without auto loans, the lower TrueRisk score groups shopped at the highest rate, but also experienced the sharpest drop amongst all other non-loan holders during the COVID-19 pandemic. A possible cause of this drop could be this group's focus on more critical issues like employment or housing rather than auto insurance.

Shopping rates of non-loan holders
January 2019–June 2020



	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
300-400	5.4%	6.2%	6.9%	5.8%	5.6%	5.3%	5.7%	5.9%	5.4%
401-500	3.1%	3.3%	3.6%	3.3%	3.2%	3.0%	3.3%	3.4%	3.1%
501-600	2.3%	2.3%	2.5%	2.4%	2.4%	2.3%	2.5%	2.5%	2.3%
601-700	1.8%	1.7%	1.8%	1.8%	1.8%	1.7%	1.9%	1.9%	1.7%
701-750	1.9%	1.8%	1.9%	2.0%	1.9%	1.9%	2.1%	2.0%	1.9%
751-800	1.9%	1.8%	1.9%	2.0%	1.9%	1.8%	2.1%	2.0%	1.9%
801+	1.8%	1.7%	1.8%	1.8%	1.8%	1.7%	1.9%	1.9%	1.8%

	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
300-400	5.8%	5.2%	5.0%	6.3%	6.6%	6.2%	5.0%	5.8%	6.1%
401-500	3.3%	3.0%	2.9%	3.6%	3.5%	3.3%	2.9%	3.2%	3.5%
501-600	2.5%	2.2%	2.1%	2.7%	2.5%	2.4%	2.2%	2.3%	2.5%
601-700	1.9%	1.6%	1.6%	2.1%	1.9%	1.8%	1.8%	1.8%	2.1%
701-750	2.1%	1.7%	1.7%	2.2%	2.0%	1.9%	2.0%	2.0%	2.1%
751-800	2.0%	1.7%	1.6%	2.2%	2.0%	1.9%	2.0%	2.0%	2.0%
801+	1.9%	1.6%	1.5%	2.0%	1.8%	1.8%	1.8%	1.8%	1.9%

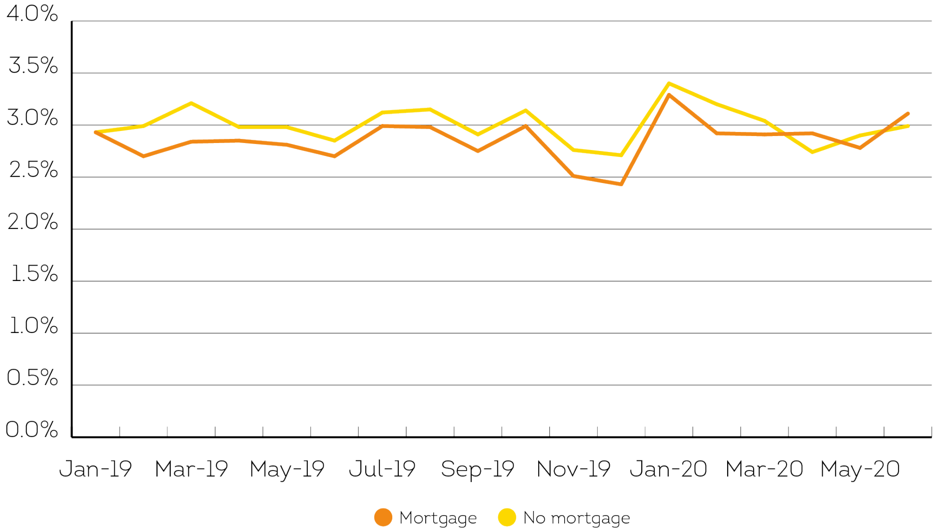
Figure 13. Shoppers without auto loans reveal the highest rate of shopping activity resides in the lower TrueRisk score bands. | Source: TransUnion auto insurance shopping data, 2019–2020

TransUnion

Customers who don't have an open mortgage shopped for auto insurance slightly more frequently than those who do (Figure 14). The data initially suggests that this population may have less complex insurance needs overall than mortgage holders and less friction in obtaining comparative quotes. However, a consideration is that the portion of non-mortgage holders may consist of consumers who have paid off their mortgages and are looking for better insurance rates.

Yet, when the data is segmented by TrueRisk score and mortgage holder status, a deeper story unfolds. Among consumers with a score of 600 or greater, non-mortgage holders are much less likely to shop for auto insurance than those who do have a mortgage (Figure 15). Among this better-risk group, the non-mortgage holders are possibly more financially stable than their mortgage-holding counterparts and less sensitive to macroeconomic events like the COVID-19 pandemic.

Shopping rates by mortgage holders
January 2019–June 2020

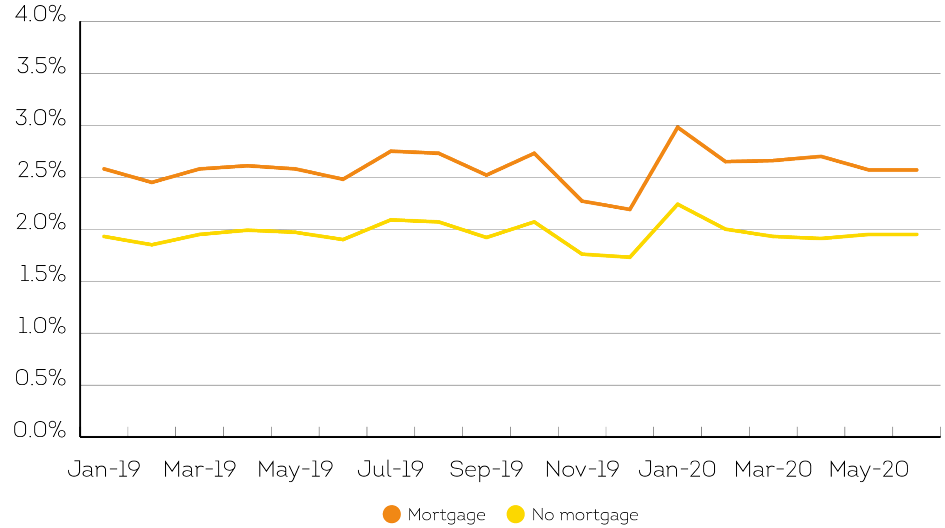


	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
Mortgage	2.9%	2.7%	2.8%	2.9%	2.8%	2.7%	3.0%	3.0%	2.8%
No mortgage	2.9%	3.0%	3.2%	3.0%	3.0%	2.9%	3.1%	3.2%	2.9%

	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Mortgage	3.0%	2.5%	2.4%	3.3%	2.9%	2.9%	2.9%	2.8%	3.1%
No mortgage	3.1%	2.8%	2.7%	3.4%	3.2%	3.0%	2.7%	2.9%	3.0%

Figure 14. Customers who don't have an open mortgage shopped for auto insurance slightly more frequently than those who do.
Source: TransUnion auto insurance shopping data, 2019–2020

Monthly shopping rate comparison where TrueRisk score is 600+, mortgage vs. non-mortgage holders, January 2019–June 2020



	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
Mortgage	2.6%	2.5%	2.6%	2.6%	2.6%	2.5%	2.8%	2.7%	2.5%
No mortgage	1.9%	1.9%	2.0%	2.0%	2.0%	1.9%	2.1%	2.1%	1.9%

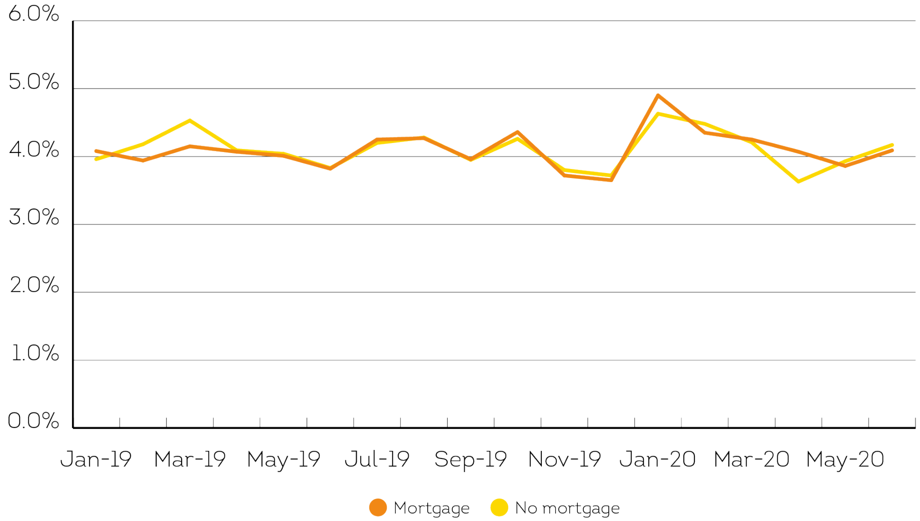
	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Mortgage	2.7%	2.3%	2.2%	3.0%	2.7%	2.7%	2.7%	2.6%	2.8%
No mortgage	2.1%	1.8%	1.7%	2.2%	2.0%	1.9%	1.9%	2.0%	2.1%

Figure 15. TrueRisk score segmentation of non-mortgage holders versus those who do have a mortgage.
Source: TransUnion auto insurance shopping data, 2019–2020

TransUnion

Consumers in the higher-risk tiers shop for auto insurance at similar rates regardless of the presence of a mortgage, which suggests price sensitivity has less of a correlation to mortgage holding within this credit range (Figure 16). One exception to this was in April 2020, where the non-mortgage cohort shopped less than those who held a mortgage. This drop in shopping may be attributed to other financial priorities taking precedence, or a choice to go without insurance altogether.

Monthly shopping rate comparison where TrueRisk score is < 600, mortgage vs. non-mortgage holder, January 2019–June 2020



	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
Mortgage	4.1%	3.9%	4.2%	4.1%	4.0%	3.8%	4.3%	4.3%	4.0%
No mortgage	4.0%	4.2%	4.5%	4.1%	4.0%	3.8%	4.2%	4.3%	4.0%

	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Mortgage	4.4%	3.7%	3.7%	4.9%	4.4%	4.3%	4.1%	3.9%	4.1%
No mortgage	4.3%	3.8%	3.7%	4.6%	4.5%	4.2%	3.6%	3.9%	4.2%

Figure 16. Highest risk-tier consumers and auto insurance shopping.
Source: TransUnion auto insurance shopping data 2019–2020

Most households have one shopper

In 2019, the vast majority of households that shopped for insurance recorded only one individual with at least one credit-based insurance inquiry (Figure 17). This likely indicates that many households have one person who pays the bills and manages family finances. These are the individuals who would list either themselves or a partner as the primary named insured (PNI). As most carriers order credit reports only for the PNI, any auto insurance credit inquiry in a household is tied back to the person entered as PNI by the family shopper. Meanwhile, younger consumers are the most frequent shoppers and are also less likely to have multiple drivers to insure in their household.

Number of insurance shoppers by household, 2019

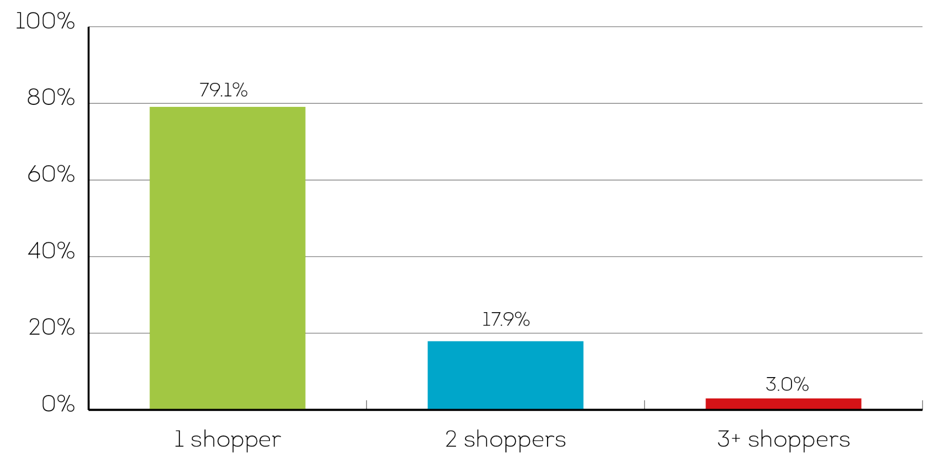


Figure 17. Household insurance shopping.
Source: TransUnion auto insurance shopping data, 2019–2020

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Shopping rates by consumers with payment accommodations during COVID-19

During the COVID-19 pandemic, the percentage of consumers seeking payment accommodations, deferments or mortgage forbearance spiked in connection with the provisions afforded to consumers as part of the CARES Act (Figure 18). In a recent TransUnion Financial Hardship Report, 60% of consumers indicated that they are reaching out to companies to discuss payment options.[13]

After the CARES Act was signed into law at the end of March, the percentage of insurance shoppers who also had a payment accommodation rose from 1% to 8.8% by the end of June (Figure 19). From April through June, the number of shoppers with lower TrueRisk insurance scores declined as a percentage of insurance shoppers with a payment accommodation, while the mix of higher TrueRisk scores increased. This suggests that the lower tiers with payment accommodations may be focused on other financial needs more urgent than insurance, perhaps going without auto insurance altogether. On the other end of the risk spectrum, those with higher scores (lower risk) may have been more proactive in reaching out to lenders for accommodations once the CARES Act was passed, and in looking for ways to cut expenses which include shopping for better insurance rates. More than 3 in 10 consumers surveyed (34%) said they would either shop for another carrier or switch to a new carrier in order to manage their auto insurance costs.[5]

	3/1/20	3/8/20	3/15/20	3/22/20	3/29/20	4/5/20	4/12/20	4/19/20	4/26/20	5/3/20	5/10/20	5/17/20	5/24/20	5/31/20	6/7/20	6/14/20	6/21/20	6/28/20
% of total shoppers w/ accomodation	1.2%	1.1%	1.0%	1.0%	1.0%	4.6%	6.8%	6.7%	6.5%	7.1%	8.8%	8.9%	8.7%	8.7%	8.8%	8.8%	8.8%	8.8%

Mix by credit tier																		
300-400	26.7%	23.7%	21.7%	19.6%	19.8%	16.1%	14.4%	15.8%	15.1%	15.6%	13.4%	13.8%	13.4%	13.7%	15.0%	14.8%	14.9%	15.1%
401-500	31.3%	31.0%	30.4%	29.1%	28.1%	24.5%	23.8%	24.9%	24.0%	24.2%	22.1%	22.2%	22.0%	22.3%	23.8%	23.6%	23.7%	23.8%
501-600	17.8%	20.0%	20.1%	20.7%	20.8%	19.9%	19.9%	19.8%	19.7%	19.7%	19.8%	19.7%	19.9%	19.6%	20.0%	20.2%	20.2%	20.1%
601-700	12.0%	13.2%	13.8%	15.0%	15.1%	17.6%	18.2%	17.3%	17.9%	17.9%	19.1%	18.9%	18.9%	19.1%	18.5%	18.5%	18.3%	18.2%
701-750	4.9%	5.0%	5.6%	6.2%	6.2%	8.8%	9.6%	8.7%	9.0%	9.0%	10.0%	10.1%	10.1%	10.0%	9.0%	9.1%	9.1%	9.1%
751-800	4.8%	4.5%	5.3%	6.4%	6.6%	8.9%	9.5%	9.1%	9.5%	9.2%	10.4%	10.3%	10.5%	10.3%	9.2%	9.2%	9.3%	9.1%
801+	2.5%	2.2%	2.9%	2.9%	3.1%	4.1%	4.6%	4.3%	4.7%	4.4%	5.0%	5.0%	5.1%	4.9%	4.3%	4.4%	4.4%	4.4%
No score	0.0%	0.4%	0.2%	0.1%	0.3%	0.1%	0.0%	0.1%	0.1%	0.0%	0.2%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%

Figure 18. The percentage of consumers seeking payment accommodations, deferments or mortgage forbearance spiked in connection with the provisions afforded to consumers as part of the CARES Act.

Note: Percentages do not include consumers who had a payment holiday (one of the types of accommodation available to consumers) reported.

Source: TransUnion auto insurance shopping data, 2020

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Conclusions

TransUnion's perspective, based on our internal studies and market conditions cited here, is that auto insurance shopping is driven by both macroeconomic factors and advertising, but also by the unique personal situations of consumers. Some common themes emerge when examining shopping activity by different groupings: Younger consumers and those facing more difficult financial situations tend to shop more, while older consumers are less likely to look for new coverage. However, in times of crisis, certain consumer segments are focused on more immediate needs. These groups also have rebounded the most over the past few months.

Differences in shopping behavior by region and asset ownership became more acute in 2020 due to the disparate financial impact of the COVID-19 pandemic, and while shopping has stabilized, the story will likely change as circumstances evolve. As carriers develop their acquisition and retention strategies, it is critical for them to adapt to both changing shopping behaviors and the fundamental differences between consumer segments. Life events and social influences still drive shopping, and price will continue to be a primary consideration for most shoppers as they navigate the uncertain days ahead.

TransUnion can help reach insurance shoppers — and keep your customers

- **Acquisition Triggers** leverage shopping intent signals present on the consumer credit database to provide carriers a way to actively market to consumers who are in, or will soon be in, the market for auto insurance. The solution can be customized to fit a carrier's credit-based risk profile to help ensure increased conversion and lifetime value from their marketing efforts.
- **Digital Marketing Solutions** enable the creation of smarter audiences through data that spans attributes across consumer finance, demographics, lifestyle and observed shopping signals. Based on actual financial information from nearly every market-active consumer in the country, TransUnion's digital marketing audiences can be customized to fit a carrier's target credit-based risk profile and desired criteria, and deployed across digital channels to reach the right consumers.
- **Lead Scoring** enables carriers to qualify clicks, calls and leads to align in-market insurance shoppers with insurance carriers. With TransUnion lead scoring solutions, carriers can gain greater insight about consumers seeking insurance quotes, enrich customer-provided information to improve the ability to match the right consumer with the right carrier for increased sales, and help carriers further customize campaigns and optimize marketing spend.

In the face of uncertainty and a rapidly shifting market, TransUnion has answers. Contact your TransUnion representative or email us at inssupt@transunion.com to learn how we can help you.

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