Insurer Update

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by John Halstead

It's a good time to be in the insurance business. Collision repairers may disagree. As most repairs are paid for through insurance reimbursement, shops are inextricably linked to insurers for better or worse.

In this edition of *Collision Solutions*, we will explore the status of the auto physical damage insurance industry and its relationships with repairers.

- Claims are down but costs are up
- The top 10 insurers still dominate the market
- Shops favor smaller insurance for ease of doing business

Claims are down, Costs are Up

According to CCC, property damage paid claim frequency, the category that includes the vehicle damage repaired at collision shops, fell 12.6% over the past two years. The decline tied to claims behavior, not fewer accidents. Asked whether fewer accidents or more consumers choosing not to file claims is behind the frequency decline, Erik Bahnsen, CCC's director of casualty industry analytics, pointed to claims-economics rather than a drop in crashes, in an interview with *Autobody News*. Policyholders across collision, comprehensive, and self-pay liability claims may face *"a disincentive to file a claim if there's worry about implications on policy premiums,"* he said. Generative AI cited as a contributing factor but has a greater influence on bodily injury claims.

Full-coverage car insurance rates rose in 27 states during the first six months of 2026, reversing a 6% national decline the year before, according to Insurify Inc.'s 2026 Mid-Year Auto Report released August 11. The online insurance comparison platform projects that 32 states will post year-over-year increases by the end of 2026. The national average annual cost of full coverage stood at $2,237 at mid-year.

Repair-cost inflation sits near the center of the reversal. Auto maintenance and repair costs have risen 45% over the past five years, according to the report. A five-year run of that magnitude leaves carriers little room to extend the rate relief drivers saw in 2025, and the state-by-state pattern of increases tracks the markets where claim costs have climbed fastest. "We expect most states to see rates rise this year, and drivers should plan for that," said Matt Brannon, Insurify senior economic analyst and a licensed agent. However, the most expensive markets move the other way. Three of the most expensive states

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for car insurance broke from the national trend. Full-coverage rates fell in Washington, D.C., by 7%, New Mexico by 6% and New Jersey, New York and Massachusetts by 5% each during the first half of the year. New York recorded the sharpest year-over-year move of any state, a 13% decline since June 2025 that carried the state from fifth most expensive to 10th and cut the average annual bill by $431.

The Rich Get Richer

According to 2025 Market Share by the National Association of Insurance Companies (NAIC), the top ten Insurers continued to dominate with 76% of market share of the Private Passenger Auto segment. State Farm and Progressive continue as the top two with nearly 19% and 17% respectively. Berkshire Hathaway (GEICO) and Allstate comprise the second tier at 12% and 10%.
NAIC 2025 Market Share | Top 25 Private Passenger Auto Insurers | Agency Checklists

Collision Centers Like Smaller Insurers Better

According to **Crash Network's** survey of collision centers, favor smaller insurers. For example, a strong majority of shops (79% or more), agreed with the statement that, compared to other insurers, Alfa, Chubb and North Carolina Farm Bureau are *"more likely to pay for OEM repair procedures, helping ensure the quality of the repair."* All three of those insurers earned an overall grade of A or better from repairers. *"They let us fix cars correctly,"* a shop manager in Alabama said of Alfa. By comparison, almost an equal percentage (69%) disagreed or strongly disagreed that was true about Allstate, which received an overall grade of a D+.

More than two-thirds of shops responding to follow-up questions about Acuity and Erie Insurance said that those insurers, compared to other carriers, use claims processes that are *"more efficient, helping to expedite the process. The service they provide is above all others, from claims processing to supplements and payment,"* a Tennessee shop owner said of Erie. But 63% disagreed or strongly disagreed that was true about Liberty Mutual, which received an overall grade of D+.

About three-quarters of shops disagreed or strongly disagreed that Geico or Allstate were more likely than other insurers to pay for quality parts rather than pushing for parts based on price. By contrast, more than seven out of 10 shops agreed that Erie and Chubb are more willing than other insurers to pay for quality parts.

Only 15% of shops agreed that State Farm has claims personnel that, compared to other insurers, *"are better trained, more experienced or quicker to respond."* That company received a D+ overall. But 71% or more of those grading Chubb, Alfa and NCFB said that was true of those companies. *"State Farm has field adjusters who seem to have been trained only on how not to pay for needed procedures,"* one California shop owner said.

Taking Action

Collision center managers and owners should continually be informed of insurance industry dynamics and how the economics of the industry affect both insurer and consumer behavior. All parties to a repair transaction (shop, consumer, insurer) are making cost-benefit decisions of whether or not to file a claim, how the repair is performed, how it is paid for, and how those factors affect relationships between the parties. These are both "macro" (big picture) and "micro" (transactional) factors that must be accounted for during the customer service and repair/claims process.

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