

The document provides a comprehensive overview of the auto insurance landscape, particularly focusing on Root Insurance Co. and the regulatory environment in Washington state. It notes that Root's personal auto insurance premium surged by 107.7% in the first half of 2024, totaling \$522.5 million, while the overall industry grew by 15.4%. Root's incurred loss ratio improved to 61.0%, outperforming the industry average of 67.5%. The report indicates that Root's customer base primarily consists of new clients, who typically exhibit higher loss ratios, suggesting potential for further improvement as the company matures. The political climate in Washington is also highlighted, with expectations that the incoming insurance commissioner will continue the activist regulatory approach of the previous commissioner, Mike Kreidler.

The document discusses the implications of proposed safety standards by the National Highway Traffic Safety Administration (NHTSA), aimed at enhancing pedestrian safety amid rising fatalities, particularly due to larger vehicles like SUVs and trucks. The NHTSA's proposed regulations would require automakers to conduct tests simulating pedestrian impacts, although critics argue that these measures may not sufficiently address broader safety concerns. The report emphasizes the increasing size and weight of vehicles over the past three decades, with trucks and SUVs making up a significant portion of new vehicle production, raising concerns about pedestrian safety.

In Washington, new regulations mandate that insurers provide written explanations for premium increases upon request, with a 20-day response time. Starting June 1, 2027, insurers must notify policyholders of significant premium increases (10% or more) in advance and detail the factors contributing to these changes. The insurance market has experienced substantial rate hikes, with major insurers increasing rates significantly in recent years. The document also notes the financial performance of various auto insurers in Washington, highlighting significant losses for some, such as State Farm, which reported a loss ratio exceeding 100%.

The report outlines the auto insurance market in Washington, detailing major insurers, their market

shares, and loss ratios from 2021 to 2023, with total direct premiums written in 2023 amounting to approximately \$6.5 billion and a loss ratio of 85.7%. It discusses legislative efforts aimed at enhancing consumer protection, including a proposed bill to extend notice requirements for nonrenewals and cancellations of property/casualty policies. The document also mentions the adherence to a pure comparative fault system for liability defense and outlines minimum insurance requirements, including bodily injury and property damage coverage, personal injury protection, and uninsured/underinsured motorist coverage.

Additionally, the report highlights safety laws in the region, such as bans on hand-held cellphones for all drivers and mandatory helmet use for motorcyclists. It notes the population growth in Washington and the median household income, which is higher than the national average. Legislative initiatives, including a proposal for mandatory gun liability insurance, are also discussed, reflecting a focus on consumer protection in the insurance market. The report concludes with updates to the Auto Insurance Report Nonstandard Auto Index, which now excludes Geico due to changes in its business structure, and clarifies Travelers' commercial auto loss ratio relative to other insurers. Overall, the document underscores the evolving dynamics of the auto insurance market, regulatory changes, and the pressing need for improved safety measures.