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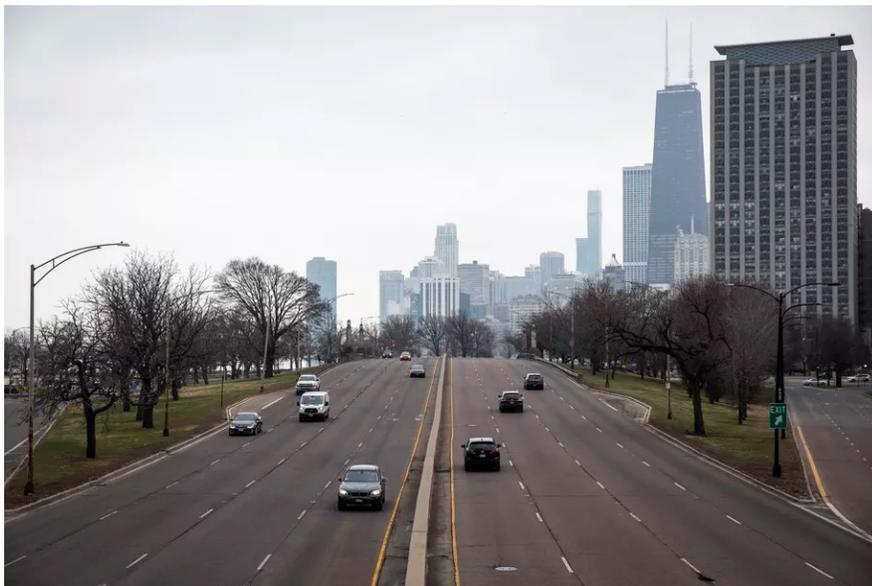
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**CORONAVIRUS NEWS BUSINESS**

# Auto insurers offer refunds as traffic eases under coronavirus stay-home order

Allstate, American Family are first out with a rebate plan; others expected to follow suit.

By David Roeder and Stephanie Zimmermann | Updated Apr 6, 2020, 7:20pm CDT



Auto insurers Allstate and American Family announced premium refunds Monday because people are driving less. | Ashlee Rezin Garcia/Sun-Times file

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With Americans driving less because of the pandemic — and getting involved in fewer wrecks — two leaders in car insurance said Monday they are refunding a portion of policyholders' premiums. Other companies are expected to do likewise.

Allstate said policyholders will get 15% of their premium back for April and May. The company said the payments, totaling more than \$600 million, will be routed through a customer's bank account, credit card or Allstate account over the next two months.

American Family said it will return about \$200 million to customers as a \$50 payment for each vehicle insured with the company. It said most households insure two vehicles with American Family, so the typical payment will be \$100 and will come as checks within 60 days.

Both companies cited a responsibility to help during a crisis and a declining risk of accidents as reasons for the move, which won praise from consumer groups.

“The math on this is not difficult. If you're not driving, you're not causing accidents. So your premium should reflect your reduced exposure,” said Doug Heller, an insurance expert with Consumer Federation of America.

With more people working from home and replacing 30-mile commutes with 3-mile drives to the grocery store — if they're even driving that much — the insurance companies are assuming far less risk, Heller said.

State Farm, the nation's leading car insurer, said later Monday it is monitoring losses from claims and will decide how to respond this week. Jeff Sibel, a spokesman for Progressive, said the company is evaluating how to return some money to policyholders and will make an announcement soon.

Sibel emphasized other steps the company has taken to help during the pandemic, such as not canceling or non-renewing customers' coverage for nonpayment through May 15th and

expanding coverage for drivers delivering food or medicine. Other insurers have made similar concessions.

In addition, Allstate said it is offering free identity protection through year-end to all Americans who sign up, saying the protection is needed because our lives have gotten more digital.

Northbrook-based Allstate is the fourth-largest auto insurer in the U.S., according to S&P Global Market Intelligence and the Insurance Information Institute. American Family ranks ninth in the data.

State Farm, Geico and Progressive rank first through third, respectively, and USAA is fifth. Together, the top five control more than 56% of the market.

CFA and the Center for Economic Justice on March 18 sent letters to state insurance commissioners asking them to mandate refunds. Most states have been silent; Alaska and Pennsylvania have suggested insurers give back money to consumers.

In many states, companies need approval from state insurance commissioners to provide customers with refunds. Illinois Department of Insurance Director Robert Muriel said Allstate has submitted its refund proposal and can issue them in the state. Any other insurer doing so also must file with the state, he said.

“It doesn’t surprise me that companies are doing this. I think others will be following suit,” said Kevin Martin, executive director of the Illinois Insurance Association, a trade group in Springfield.

“We are financially strong, and in a position to provide these payments to our customers at a time when it makes a meaningful difference,” said American Family Chief Operating Officer Telisa Yancy.

Whatever happens with refunds, they should eventually be based on actuarial data, said Abe Scarr, state director for the nonprofit Illinois Public Interest Research Group.

“Less cars on the road means less risk, even for those keeping up regular car commutes. Car premiums should be going down and the Illinois Department of Insurance should let insurers know it is monitoring insurer behavior as market conditions shift,” Scarr said.

INRIX, a traffic analytics firm that crunches data from vehicle navigation systems, said vehicle miles traveled in the Chicago metro area dropped about 50% compared to normal on Thursday, April 2, two weeks after Illinois' shutdown was announced.

Car insurance is mandatory in every state except New Hampshire, and consumer advocates have long complained that pricing can be discriminatory.

A Chicago Sun-Times **investigation** last year found customers could be quoted an inflated price for reasons that have nothing to do with one's driving record or the make or model of their car, including: renting rather than owning a home, working in a blue collar job, their gender or living on the opposite side of a street in the "wrong" ZIP code.

Heller added that when the pandemic ends, there should be an accounting of how much insurers pocketed versus how much they refunded. In California, he conservatively estimated a 25 percent drop in driving would result in \$100 million in savings each week for car insurance companies.

"But in the midst of a crisis, I think this is a good start," he said of the refunds announced Monday.



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Few cars travel the Eisenhower Expressway on Monday afternoon, as seen from the overpass at Leavitt Street. | Ashlee Rezin Garcia/Sun-Times

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