

Utah Insurance Market Update

Business and Labor Interim Committee
June 18, 2025

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Utah Insurance Commissioner



Health Insurance

Utah's Essential Health Benefit Plan / Defrayal Payments

SB 256, General Government and Appropriations Amendments (2025), required the Insurance Commissioner to update Utah's essential health benefit benchmark plan to incorporate new state mandates effective between January 1, 2012 through January 1, 2025.

- Based on the timeline set by the Centers for Medicare & Medicaid Services (CMS), the proposed plan update was submitted on May 7, 2025.
- The Insurance Department will be working with CMS throughout the summer and early fall to address any concerns they have regarding the proposed plan.
- If CMS accepts the proposal, it will apply to plan years as of January 1, 2027.
- The proposed plan incorporates Utah's autism mandate that the State is currently defraying costs, as required under 45 CFR 156.11.

Costs to the state to defray the autism mandate:

Payments made:

FY24: \$1,390,053 (costs incurred in calendar years 2020 & 2021)

FY25: \$8,517,744 (costs incurred in 2022)

FY26: \$12,179,173, to be paid July 2025 (costs incurred in 2023)

Future payments estimated:

FY27: \$18,735,625 (costs incurred in 2024)

FY28: \$25,451,925 (costs incurred in 2025)

FY29: \$27,500,000 (costs incurred in 2026)

FY30: If Utah's EHB plan is accepted by CMS, there will be no costs to the state for calendar year 2027, but there will likely be minimal payments for restatements from 2026 and 2025



Federal Government Challenges Relating to Health Insurance

- 1. The federal government has recently instructed insurers and states to take action (or non-action) that is not currently in federal code or regulation. This is causing some issues since insurers and states are in the midst of developing and reviewing the 2026 health insurance plans.**

A. Cost Share Reductions (CSR):

- The Centers for Medicare & Medicaid Services (CMS) notified states and issuers to prepare for potential congressional action, requiring insurers to include in their rate development for 2026 federal payments for cost share reductions, a benefit for lower income individuals under the Affordable Care Act (ACA).
- While this would reduce the overall cost of premiums for individual health insurance plans purchased through healthcare.gov, legislation, including the proper budgetary requirements, has not yet passed. (The Senate HELP Committee's Budget Reconciliation proposal now includes funding for the CSR payments.)

B. Mental Health Parity:

- The U.S. Departments of Labor, Health and Human Services, and the Treasury elected not to enforce the final rule on requirements related to the Mental Health Parity and Addiction Equity Act.
- The U.S. Department of Health and Human Services is encouraging states to adopt a similar approach.
- Such non-enforcement in Utah would violate Utah Code Ann. § 31A-22-625(3) , which requires insurers to comply with federal regulations adopted pursuant to the Mental Health Parity and Addiction Equity Act.



Federal Government Challenges Relating to Health Insurance

2. Advance Premium Tax Credits (APTC):

- The Affordable Care Act (ACA) has a provision for tax credits to assist lower-income individuals with the cost of health insurance purchased through healthcare.gov.
- In 2021, these tax credits were “enhanced” through the American Rescue Plan. This has led to increased enrollment, especially among those with lower incomes.
- The enhanced tax credits are set to expire at the end of 2025. If the enhanced tax credits are not extended, the amount of premium costs consumers pay will increase for individuals, which could result in market instability due to decreased enrollment. It is also expected to have a disproportionately negative effect on individuals with lower income.

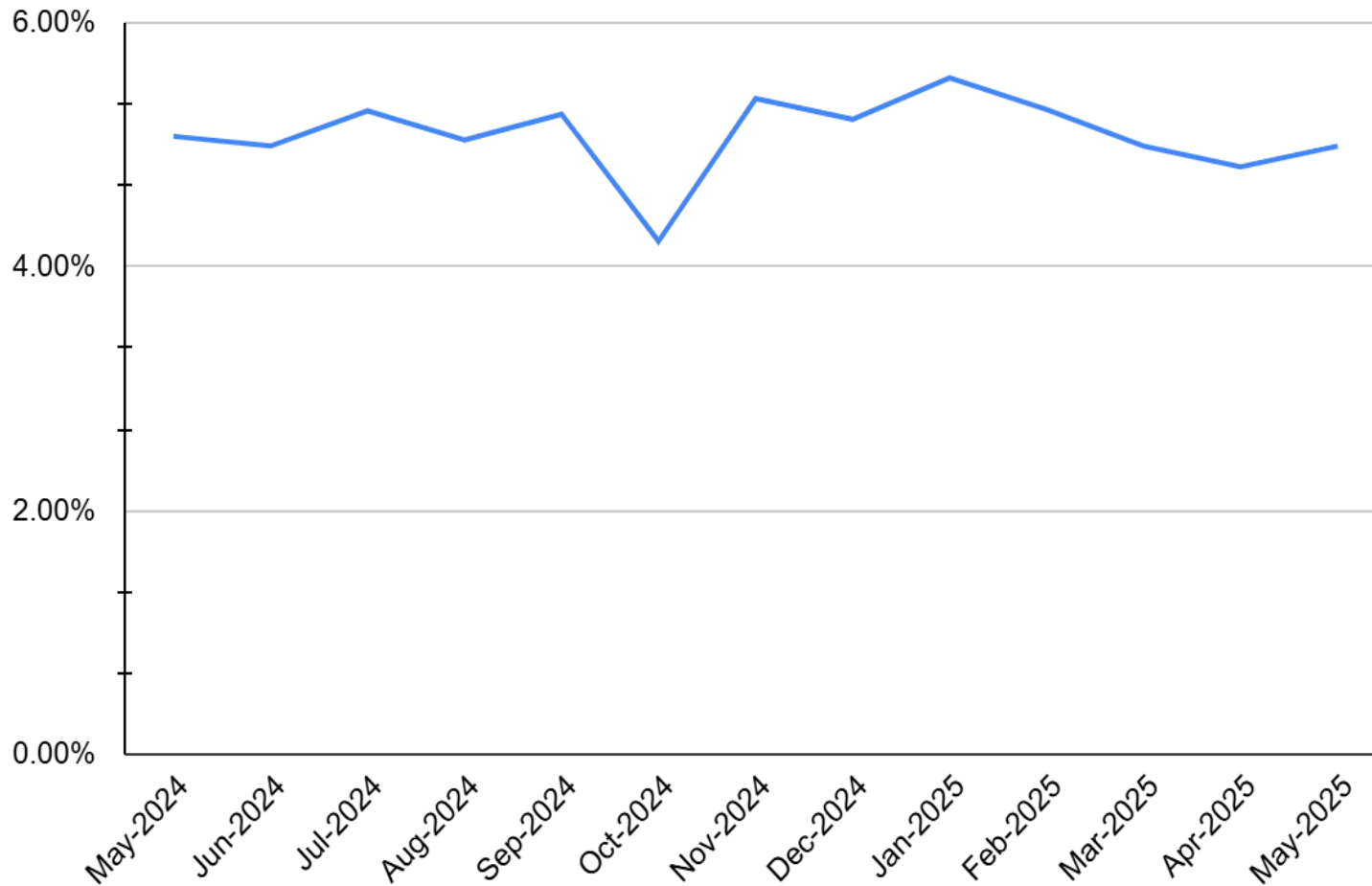


Auto Insurance



Uninsured Motorists in Utah

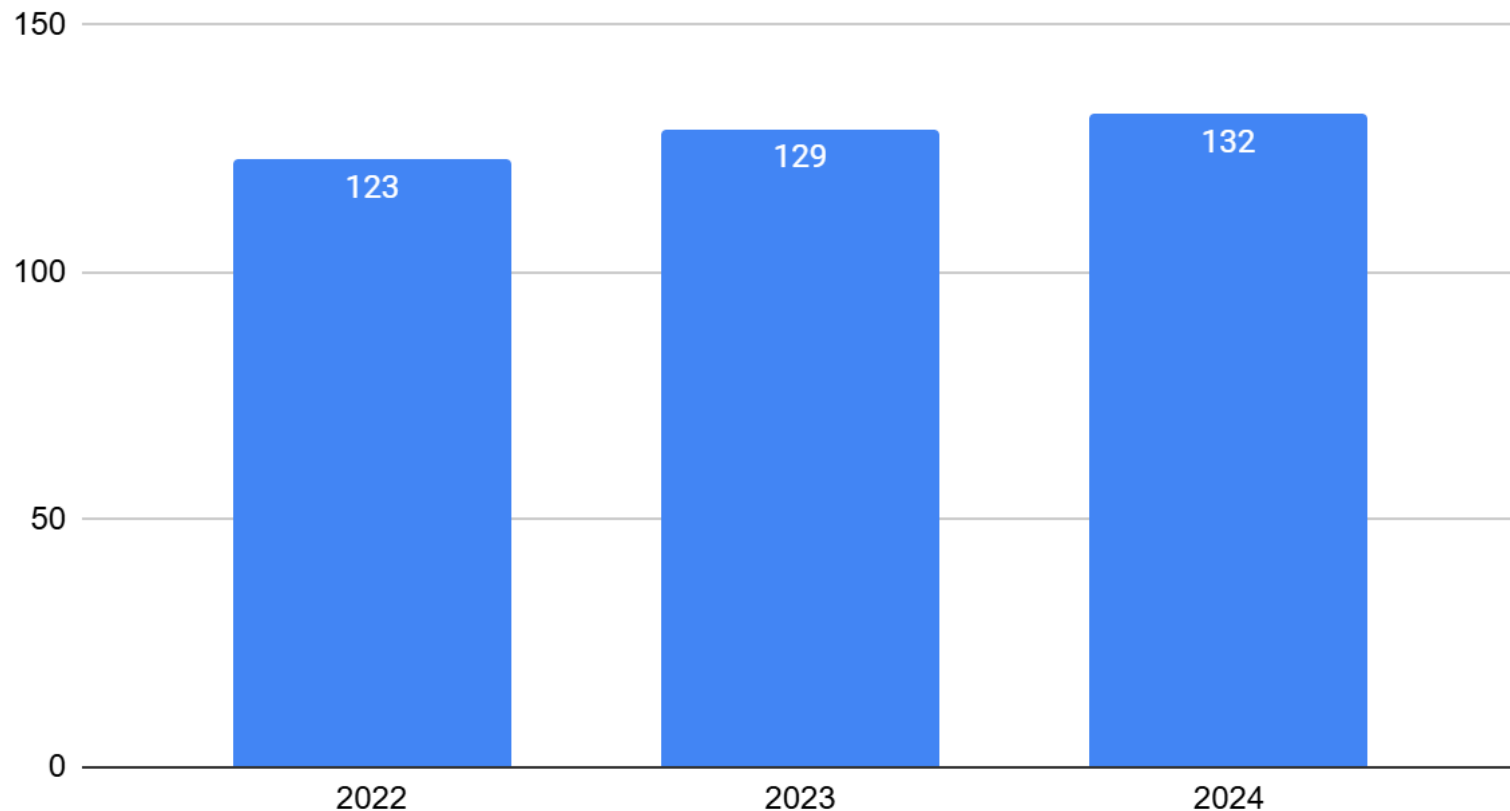
Following the implementation of H.B. 113 on January 1, 2025, which raised minimum motor vehicle liability limits, the uninsured motorist rate has remained stable. The rate was 4.99% in May 2025, a slight decrease from 5.07% in May 2024. (Data from Insure-Rite)



Number of Companies reporting Premiums in Utah

The number of private passenger auto insurers in Utah has shown a steady increase. In 2022, there were 123 companies. This number grew to 129 in 2023, a nearly 5% increase. The growth continued into 2024, with the number of companies rising to 132, a 2.3% increase over the prior year.

Companies Reporting Premium



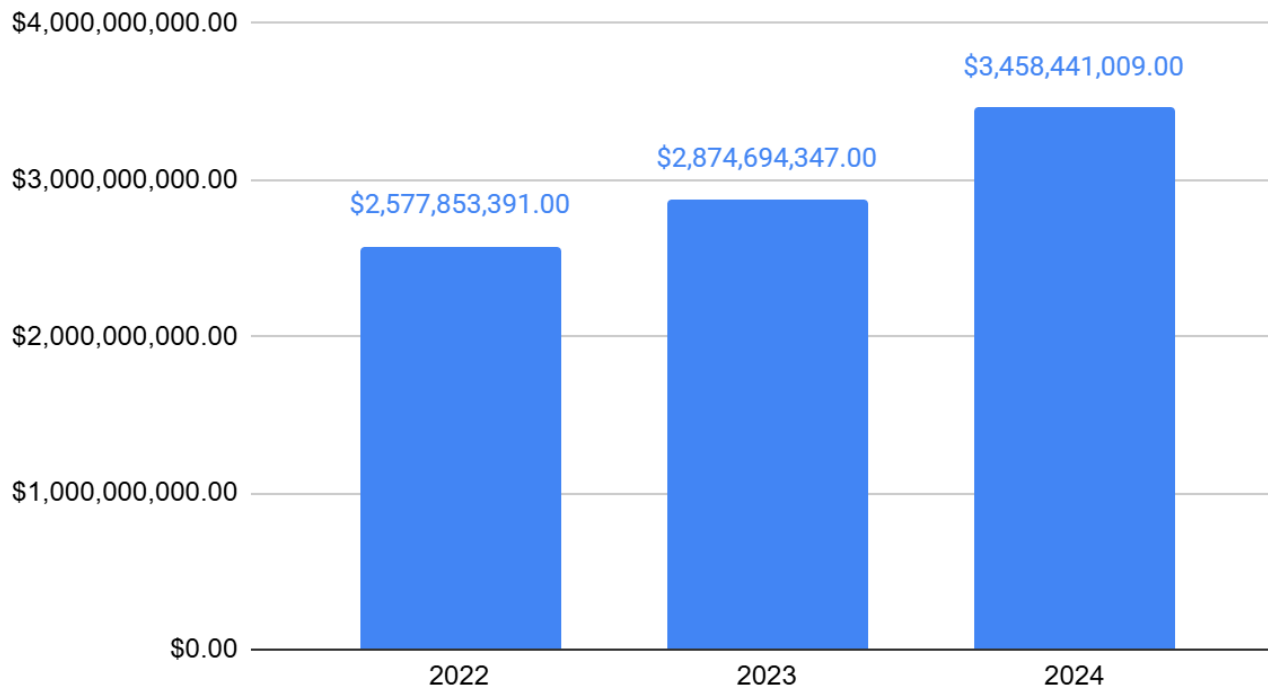
Premium

The total amount of premium written for private auto insurance in Utah has also seen a substantial rise.

From 2022 to 2023, the total premium volume grew by over 11.5%, reaching nearly \$2.9 billion.

Data for 2024 shows an even larger increase of over 20%, bringing the total market size to nearly \$3.5 billion.

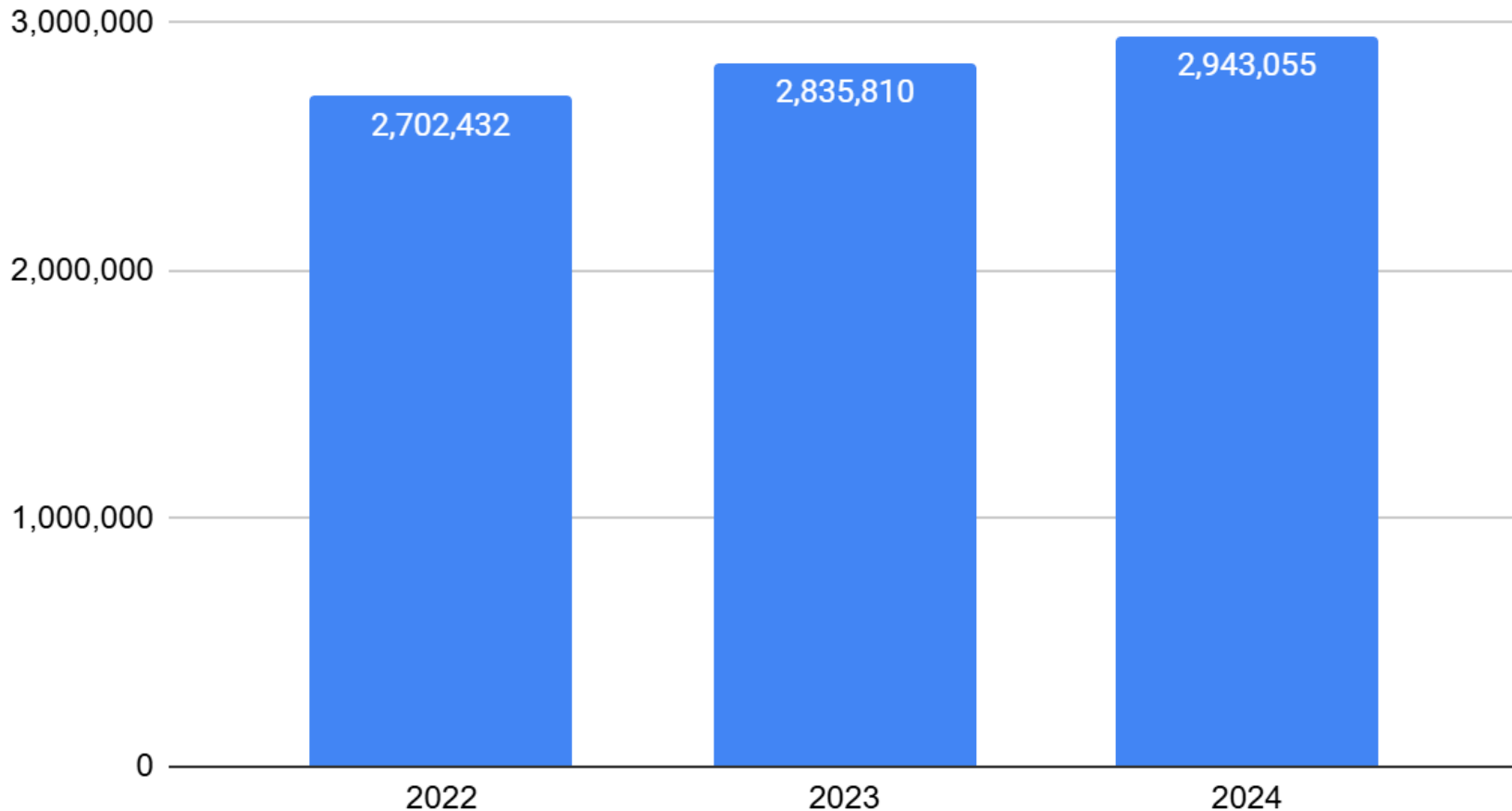
Private Passenger Auto Premium



Private Passenger Autos with Policies

The number of insured automobiles grew from 2,702,432 in 2022 to 2,835,810 in 2023 (a 4.94% increase), and subsequently rose to 2,943,055 in 2024 (a 3.78% increase).

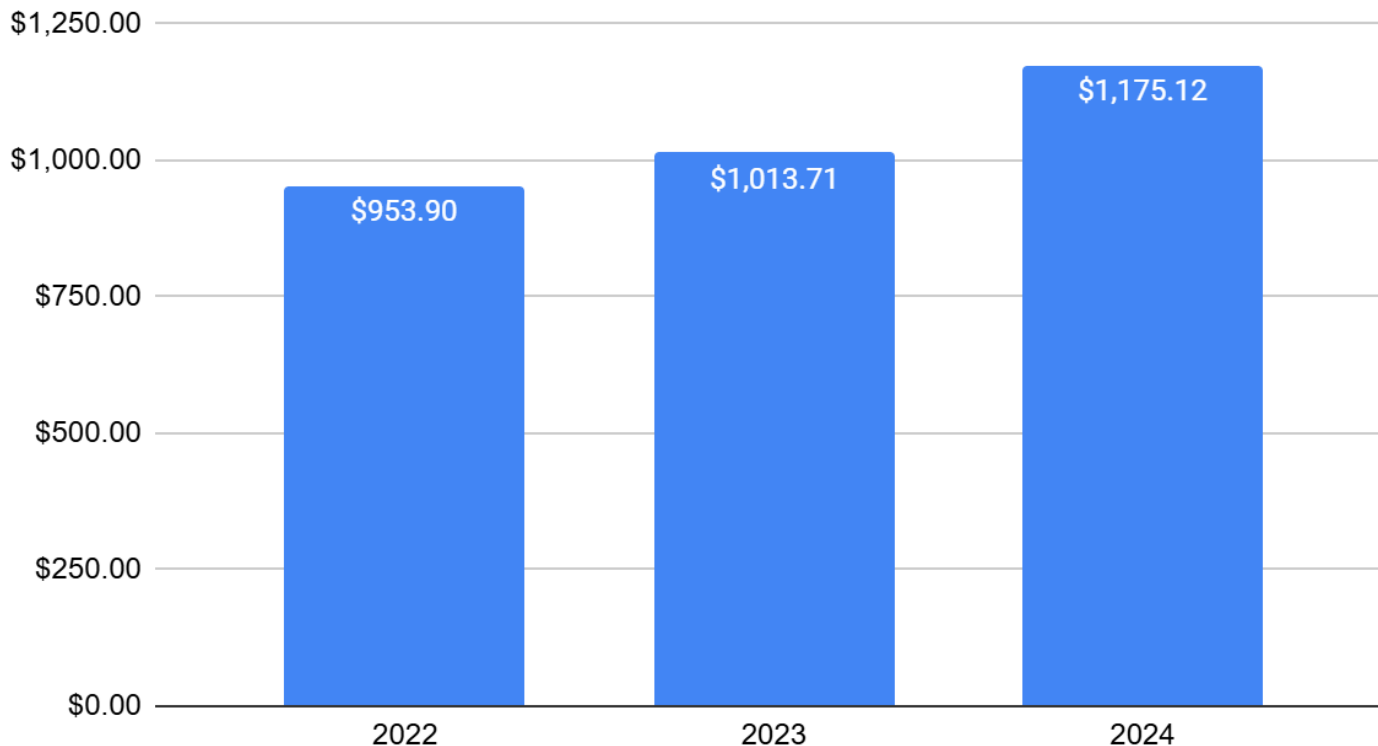
Insured Autos



Premium per Insured Automobile

To understand the trend in policy costs, we can look at the average premium per insured vehicle per year. The average premium rose from \$953.90 in 2022 to \$1,013.71 in 2023, a 6.27% increase. In 2024, the average increased more significantly to \$1,175.12, a 15.92% rise.

Premium Per Insured Automobile



Cancellations and Non-Renewals

- While cancellations requested by the insured remain the largest category, company-initiated non-renewals have shown a steady increase as a percentage of total policies.
- Non-renewals grew from 0.50% of all policies in 2022 to 0.82% in 2024.
- Nonpayment cancellations also rose, from 8.44% in 2022 to 9.45% in 2024.
- Insured-requested cancellations climbed from 15.94% in 2022 to 16.85% in 2024

Summary – Auto Insurance

- Utah's private auto insurance market shows significant growth, with written premiums surging to nearly \$3.5 billion in 2024.
- While the number of insured vehicles has steadily climbed, so has the cost, with the average premium per vehicle per year rising to over \$1,175.
- This environment of rising costs has been accompanied by an increase in policy cancellations and non-renewals across the board.
- Despite these pressures, the uninsured motorist rate has encouragingly remained stable at approximately 5%, even after the recent increase in minimum liability limits.



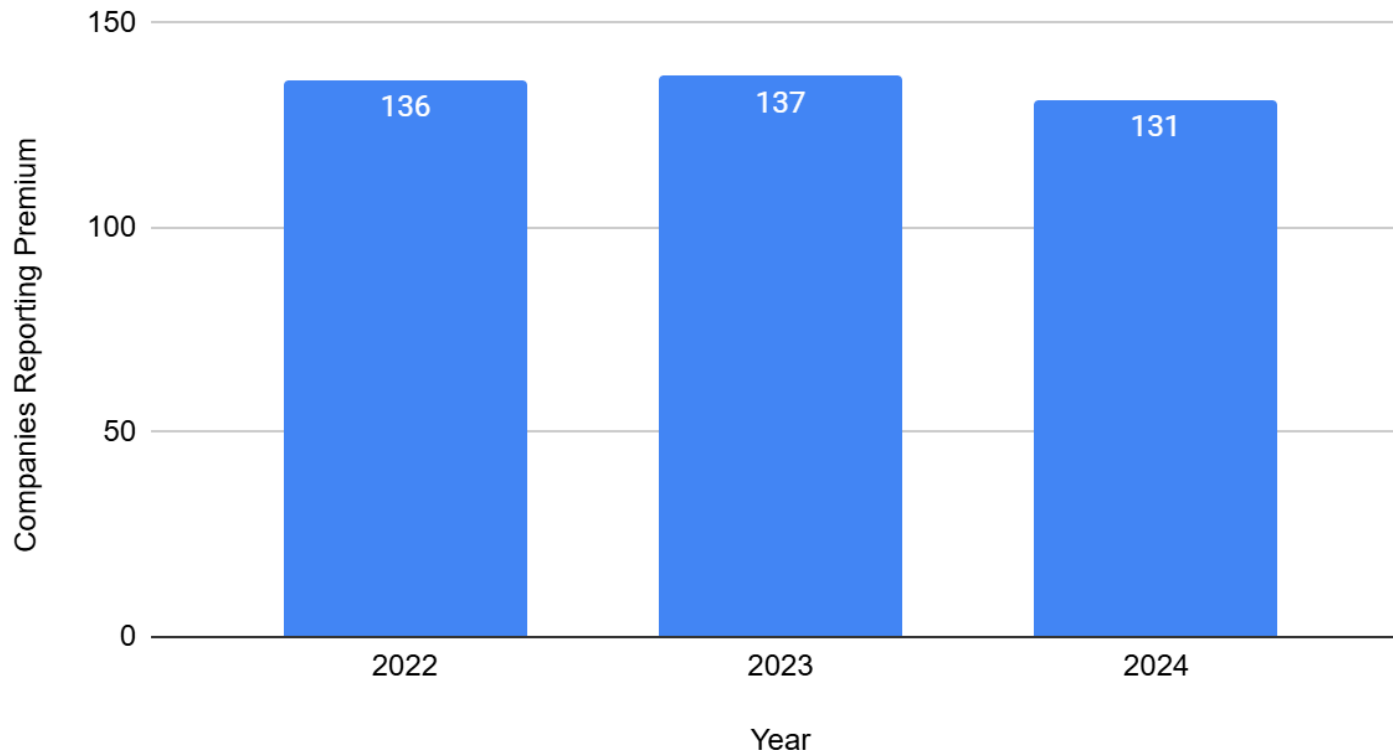
Homeowners Insurance



Number of Insurers reporting Homeowners premium on their annual statement

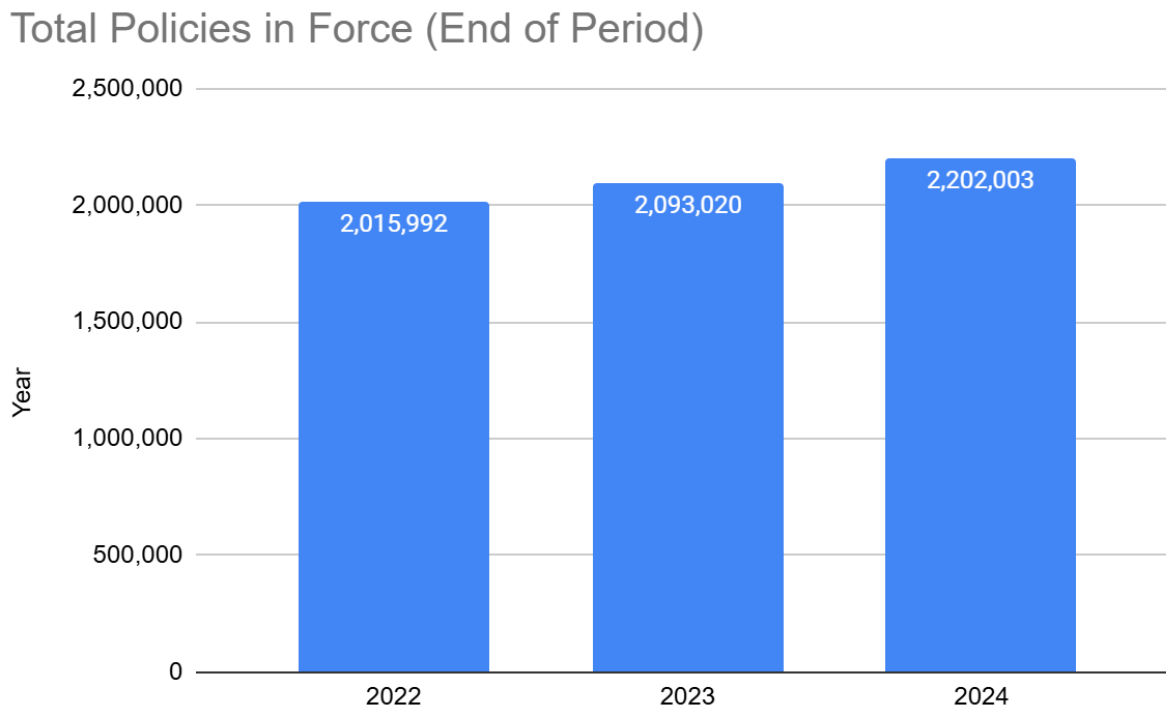
The number of homeowners insurers reporting premium in Utah has remained relatively stable. There were 136 companies in 2022 and 137 in 2023, before a slight decrease to 131 in 2024

Number of Active Homeowners Companies



Number of Homeowners Policies

The data shows a consistent increase in the number of homeowners policies active in Utah. From 2022 to 2023, the number of policies increased by **77,028**, which is a **3.82%** rise. From 2023 to 2024, the number of policies increased by **108,983**, representing an accelerated growth rate of **5.21%**.



Preliminary 2024 data; final numbers are pending validation.

Source: Market Conduct Annual Statement (MCAS). Data reflects insurance companies reporting \$50,000 or more in annualized premiums.

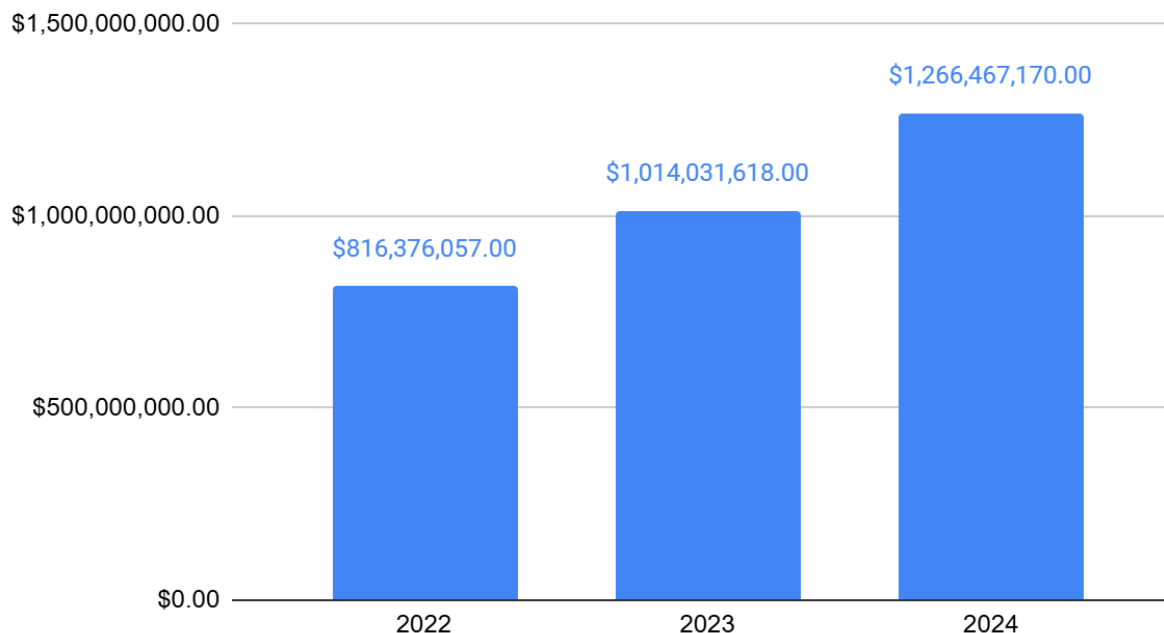


Homeowners Premium

Between 2022 and 2023, total premiums grew by 24.2%, an increase of approximately \$198 million.

In the following year, from 2023 to 2024, premiums grew by another 24.9%, an increase of over \$252 million, bringing the total homeowners market premium to more than \$1.26 billion

Homeowners Premium

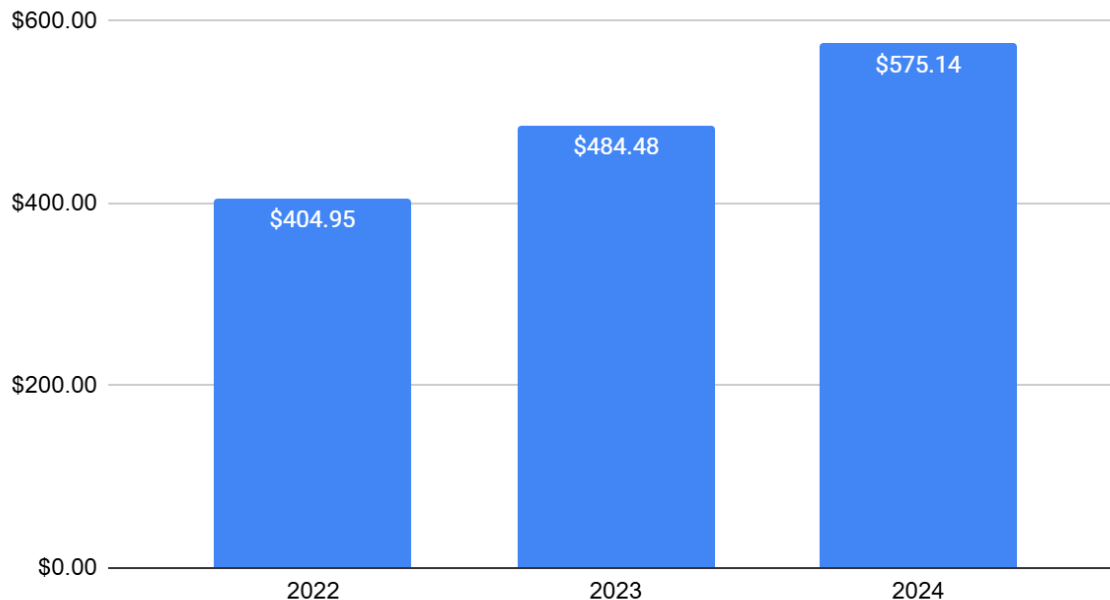


Source: Market Conduct Annual Statement (MCAS).

Cost per Homeowners Policy

- As you can see from the previous slides and this slide, the number of policies and the premium have risen.
- For **2022**, the calculated average premium per policy was approximately **\$405**.
- For **2023**, that figure rose to approximately **\$484**. A 19.64% increase.
- And for **2024**, the calculated average was approximately **\$575**. An 18.71% increase.

Cost by Policy In Force



Policy Cancellations and Nonrenewals

- While insurer non-renewals have seen a significant jump, other forms of cancellations have remained stable.
- Non-renewals went from 0.28% in 2022 to 0.87% of all policies in 2024, a sharp increase. While these non-renewals represent a very small fraction of the total policies, their rate of increase is a key concern.
- In contrast, cancellations at the insured's request stayed consistent at around 7%, and cancellations for non-payment held steady at about 2.4%.

Summary – Homeowners Insurance

- In summary, Utah's homeowners insurance market shows a relatively stable number of insurers and a significant increase in the number of policies, which grew by 3.82% in 2023 and 5.21% in 2024.
- This growth is paired with substantial increases in total premiums, which grew by over 24% in both 2023 and 2024.
- The estimated average cost per policy has also risen steadily.
- While most cancellation types remained consistent, insurer-initiated non-renewals increased from 0.28% in 2022 to 0.87% in 2024.



Questions?

