
If you are wondering why insurance settlement offers are low right now, the usual explanation you will hear from an adjuster is cost pressure. Repairs are expensive, parts are expensive, the carrier is stretched. That explanation stopped matching the financial reality about eighteen months ago. The U.S. auto insurance industry just came out of its strongest underwriting stretch in nearly two decades, and the improvement is continuing into 2026.

That does not mean any individual offer is unfair. It does mean one specific argument no longer works, and understanding what actually changed in the claims system tells you where to push.

What the Numbers Actually Show

Personal auto is the single largest line of property and casualty insurance in the United States, worth roughly twice the next largest line on a premium basis. Its recent turnaround has been dramatic.

- The **Insurance Information Institute** forecast a 2025 net combined ratio of 94.4 for personal auto, an improvement over 2024. Any figure under 100 means the line is profitable on underwriting alone, before investment income.
- S&P Global Market Intelligence projected the strongest overall property and casualty underwriting results in eighteen years for 2025, with an all-lines combined ratio of 96.2, driven specifically by favorable private passenger auto outcomes.
- In the first quarter of 2026, private U.S. property and casualty insurers posted an estimated net underwriting gain of about \$15.8 billion, against an \$864 million underwriting loss in the first quarter of 2025. Net income after taxes came in at \$40.9 billion versus \$19.4 billion a year earlier.
- Personal auto premium growth has slowed sharply to roughly 3.6%, the lowest since 2020, and some carriers have started returning premium through elevated policyholder dividends.

State Farm, Progressive, and GEICO all reduced rates in multiple states during early 2026. Carriers do not cut prices from a position of financial distress.

Where the Improvement Came From

Two things happened at once, and only one of them gets discussed publicly.

The first is the rate correction. Insurers took heavy underwriting losses in 2022 and 2023 and responded with large premium increases across 2023 and 2024. Those increases have now fully earned into the books, which is the mechanical reason the ratios improved.

The second is quieter and matters more to claimants. Claim volume fell. Comprehensive claim volume, covering fire, theft, hail, and vandalism, dropped 16.1% in 2025 and accounted for nearly 40% of the overall decline in claim volume. Fewer claims are entering the system than at any point in recent memory.

Part of that is safer vehicles and fewer incidents. A larger part is that people have stopped filing. With deductibles rising and premiums still elevated, a \$1,500 repair on a policy with a \$1,000 deductible is no longer worth the claim and the surcharge risk. Low-severity claims have become discretionary, and drivers are quietly absorbing them.

Fewer Claims, but Heavier Ones

Here is the consequence that reaches your file. If drivers stop filing small claims, the claims that remain are disproportionately the severe and expensive ones. The mix shifted, and every remaining file carries more weight.

The industry data reflects that plainly. Total loss frequency reached a record 23.1% of claims. The average repair estimate climbed to roughly \$4,818. The average vehicle on U.S. roads is now about 12.8 years old, and there are roughly 12 million fewer vehicles six years old or newer than in 2020. Older cars carry lower actual cash value, so a mid-size repair bill clears the total loss threshold faster.

Metric	2022 to 2023	2025 to 2026	What It Means for a Claimant
Personal auto combined ratio	Above breakeven, record losses	94.4 forecast for 2025	The affordability argument no longer holds
P&C underwriting result	Q1 2025 loss of \$864M	Q1 2026 gain of \$15.8B	Carriers are not under cash pressure
Comprehensive claim volume	Elevated	Down 16.1% in 2025	Fewer files, more scrutiny on each one
Total loss frequency	Rising	Record 23.1%	More valuations, more room for dispute
Average repair estimate	Lower base	About \$4,818	Lower-value vehicles cross the threshold
Premium growth	Double digit	3.6%, lowest since 2020	The rate correction is largely finished

What This Does and Does Not Prove

It is worth being precise here, because overstating this argument is how you lose credibility with an adjuster.

Profitability at the industry level does not prove that any particular settlement offer was calculated in bad faith. Carriers are legally obligated to pay the actual value of a loss, not a share of their earnings. A valuation is either supported by market evidence or it is not, and the company's quarterly results are not evidence either way.

What it does establish: the framing that an insurer cannot afford to pay a properly documented claim is not supported by the financial record. If an offer is low, the reason is methodology, not solvency. That moves the conversation to ground where evidence decides the outcome.

The Honest Counterpoint

There is a real argument on the other side and it deserves stating. S&P Global Market Intelligence expects this window to close. Their projection has auto combined ratios rising to 97.1 in 2026 and 98.9 in 2027, with the line breaching breakeven again around 2028. Their published view is that the current strength is temporary.

The pressures behind that forecast are real: tariffs on imported parts working through repair costs, ADAS calibration adding several hundred dollars to routine repairs, and an aging fleet pushing more vehicles into total loss territory. Roughly six in ten replacement parts used in U.S. shops are imported, and the industry typically takes twelve to eighteen months to absorb a new cost structure.

None of that changes the position today. It does mean the leverage described in this article has a shelf life, which is a reason to resolve a claim now rather than later.

What Actually Moves a Settlement Number

Since solvency is not the constraint, methodology is. Every meaningful dispute comes down to the same handful of inputs:

- **Comparable selection.** Where the listed vehicles came from, how close their listing dates sit to your date of loss, and whether trim and powertrain actually match.
- **Condition rating.** Software defaults to average. Service records, recent major maintenance, and pre-loss photographs support a better rating and are worth real money.
- **Equipment and options.** Valuation platforms regularly omit factory packages. The original build sheet by VIN is the correction.
- **Damage severity.** Structural repair, welding, and sensor recalibration frequently leave no visible trace. The line-by-line repair order is the document that establishes what was actually done.
- **An independent valuation.** Nothing else replaces your opinion with evidence an adjuster has to answer on the merits. Our guide on [how to get a higher ACV from insurance](#) covers how to present it.

For repaired vehicles rather than total losses, the same discipline applies to the market value loss that survives the repair. Our guide on [how to document diminished value](#) covers what that file needs, and our breakdown of [diminished value loss by vehicle segment](#) shows how widely the dollar figures vary by body style.

Put Evidence in Front of the Adjuster

Appraisal Engine builds certified valuations from real comparable sales, documented condition, and verified equipment. A defensible number is what changes an offer.

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Frequently Asked Questions

Are auto insurers actually making money right now?

Yes, and the improvement is well documented. Personal auto posted a forecast net combined ratio of 94.4 for 2025, and the broader property and casualty industry recorded an estimated \$15.8 billion underwriting gain in the first quarter of 2026 against a loss in the same quarter a year earlier. Several major carriers have cut rates in multiple states.

Does insurer profitability mean my settlement offer was unfair?

No, and claiming that will not help your case. An offer is either supported by market evidence or it is not, independent of the company's earnings. What the financial data does is remove the argument that the carrier cannot afford to pay a documented claim, which shifts the discussion to the methodology behind the number.

Why are fewer claims being filed if premiums went up?

Largely because of deductibles. With more drivers carrying deductibles of \$1,000 or more, a moderate repair no longer justifies a claim once the deductible and potential surcharge are factored in. Comprehensive claim volume fell 16.1% in 2025, and low-severity claims are increasingly being absorbed by drivers rather than filed.

Does a lower claim volume affect how my claim is handled?

Indirectly. When routine claims stop entering the system, the remaining mix skews toward severe and expensive files. Fewer claims spread across the same adjusting capacity generally means more scrutiny per file, which raises the value of arriving with complete documentation.

Is this a good time to file or should I wait?

There is no advantage to waiting. Pre-loss value is fixed to the date of the loss, so delay does not improve the underlying figure, and evidence becomes harder to assemble as listings expire and repair records age. Industry forecasts also point to margins tightening from 2026 onward, which argues for resolving an open claim sooner.

What is a combined ratio and why does it matter here?

It is the sum of claims losses and expenses divided by premium. Below 100 means the insurer is profitable on underwriting before any investment income. It is the cleanest public measure of whether a line of insurance is under financial strain, which is why it is the relevant number when someone claims a carrier cannot afford a payout.