

WHY INSURANCE RATES MAY CHANGE

Current Insurance Market Trends

Have you ever noticed insurance rates tend to fluctuate over time, even if you haven't made any changes to your policy? While there are things that you can do to save on insurance costs — like working with your agent to customize your policy with the right coverages and discounts — it's important to know that other factors can also affect your insurance.

AUTO INSURANCE COSTS

Higher repair and replacement costs

Additional sensors, cameras and other features also come with higher repair and replacement costs.

More severe accidents

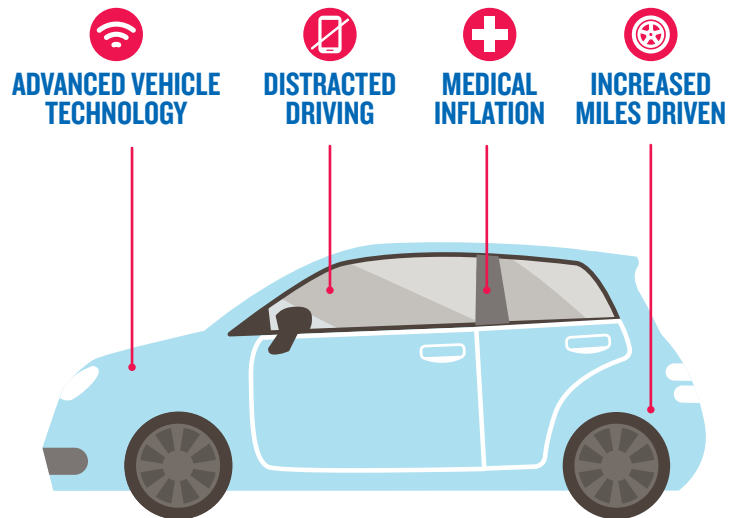
Riskier driving behaviors including speeding, distracted driving and impaired driving may lead to more severe accidents with higher medical payouts.

Expensive medical care

Over the last five years, the cost increase for medical and hospital services has outpaced the rate of overall inflation.

Impact of the pandemic

The pandemic caused large disruptions to the global supply chain, leading to higher costs for vehicle repairs and replacements that still persist today. In addition, driving mileage is back up to pre-pandemic levels.



SOURCE: *The New Normal? Auto Insurers Continue to Struggle with inflation from American Property Casualty Insurance Association, Update October 2022*

HOMEOWNERS INSURANCE COSTS

Cost of materials

As the cost of building materials changes due to supply and demand, the amount of coverage you need may also increase, which can impact the overall cost of your insurance. See illustration for increases in the cost of essential building materials between October 2022 and October 2023.*

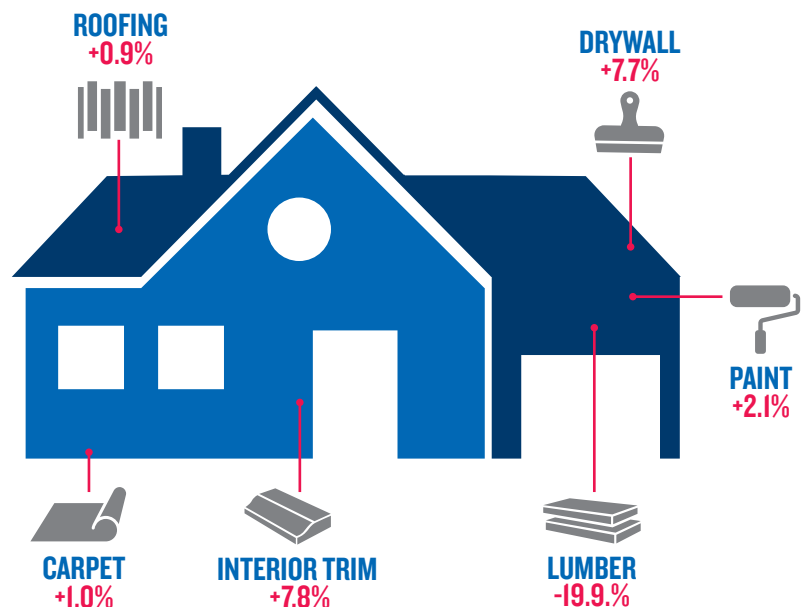
Cost of labor

Should you need to rebuild your home, it's not just the materials that influence cost — labor is a big component, too. Here are some increases in labor costs between October 2022 and October 2023:*

PLUMBER
+6.2%

ELECTRICIAN
+7.1%

CARPENTER
+6.5%

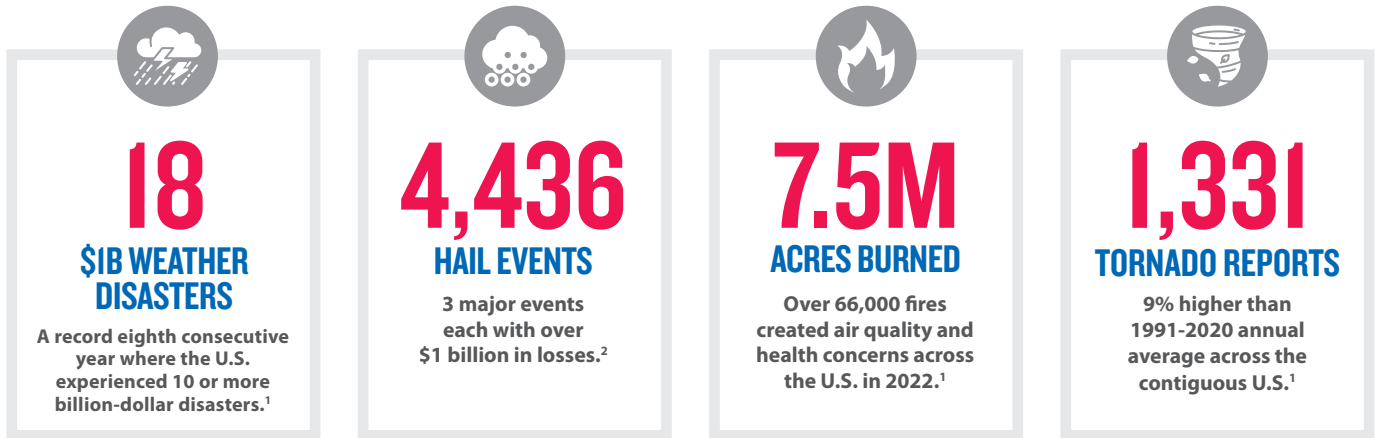


*Source - 360Value Quarterly Reconstruction Cost Analysis Q4 2023

THE IMPACT OF ENVIRONMENT AND WEATHER

Insurance helps provide financial protection against the unexpected, like tornadoes, wildfires and hail. As the frequency and severity of environment and weather disasters increases, that can have an impact on the cost of insurance.

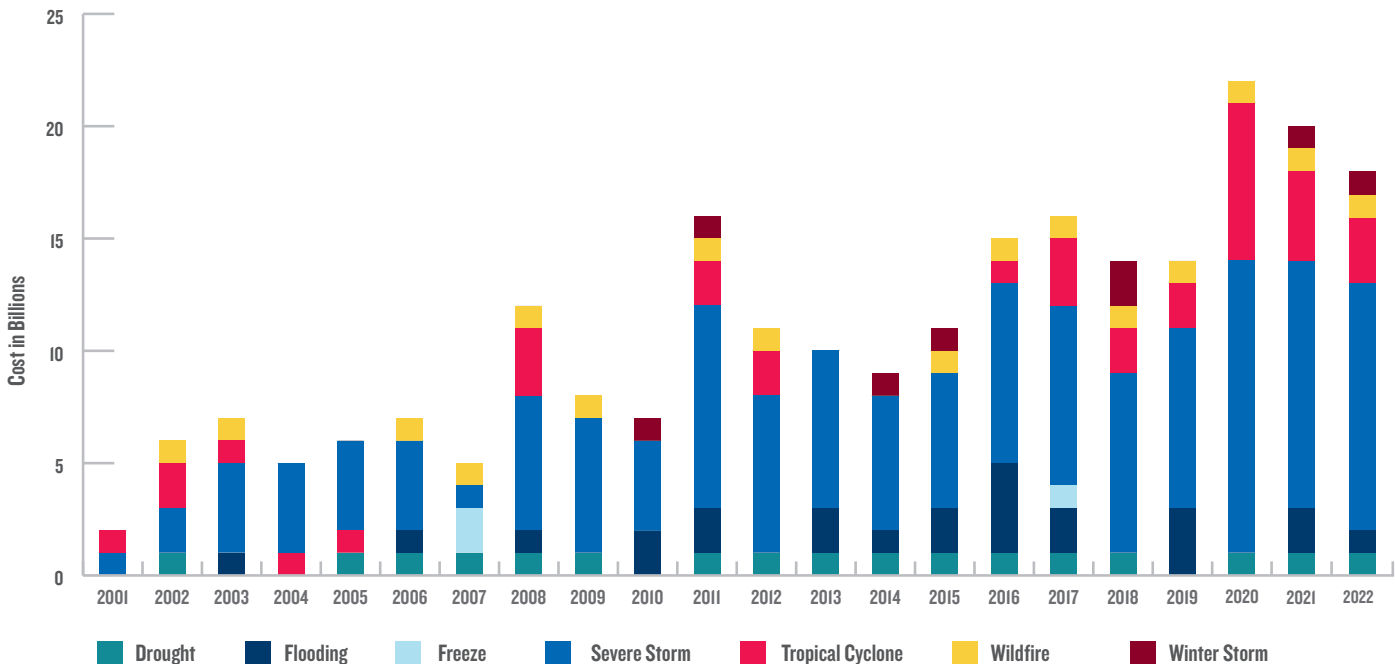
Weather Statistics from 2022



BILLION-DOLLAR WEATHER DISASTERS

Billion-dollar weather/climate disasters have been growing more frequent in the United States. In the 2000s, the U.S. averaged 6.3 per year. By the 2010s, that average grew to 12.3 per year. In contrast, there were 18 in 2022! These disasters cost over \$165 billion total, making 2022 the third most expensive on record.³

U.S. Billion-Dollar Disaster Events, 2001–2022³



1. NOAA National Centers for Environmental Information, Assessing the U.S. Climate in 2022, <https://www.ncei.noaa.gov/news/national-climate-202212>

2. NOAA's National Weather Service Storm Prediction Center Annual Severe Weather Report Summary 2022, https://www.spc.noaa.gov/climo/online/monthly/2022_annual_summary.html

3. NOAA National Centers for Environmental Information, Billion-Dollar Weather and Climate Disasters, <https://www.ncei.noaa.gov/access/billions/>