

AUTO

How Auto Claim Trends Impact Your Customers



You may have read that auto claims are increasing. Indeed, both severity and frequency are on the rise. This has impacted loss costs throughout the insurance industry. In fact, losses and expenses have exceeded premium every year since 2007.¹

Following is information about what's happening on the roads and in the industry that you can share with your customers to help them understand what's behind changes in their insurance rates:

More cars, more miles

Historically, the rate at which accidents occur falls over time. But as the economy strengthens, it has the opposite effect—over the last two years, there's been a 3 percent increase in miles driven. And the more people drive, the greater the risk of accidents.²

The weather hits hard

Extreme weather happens—snow, hail, tornadoes. And with more people on the road, it raises claim costs for the industry. For example, in 2016, just two hailstorms in Texas generated more than \$4.6 billion in losses.³

Driving to distraction

The National Highway Traffic Safety Administration reported more than 430,000 accidents involved distracted driving in 2014.⁴ Some of the blame can be attributed to widespread smartphone use. In one survey, 74 percent of drivers reported using Facebook while driving.⁵

New cars, new technology

With vehicle sales hitting records, there are more new cars on the road, which are coming with more sophisticated—and expensive—technology. The bumper that cost \$1,500 to repair 10 years ago may cost triple that today if it incorporates driver-assistance technology and a camera.⁶

Help Your Customers Reduce Their Rates

- Discuss a higher deductible or removal of Comprehensive and Collision on older autos
- Apply discounts, such as for anti-theft devices, good student and multi-car policies
- Package up their Auto policy with a Home policy for additional savings

Auto insurers throughout the industry are responding to these trends by implementing rate adjustments. Your customers' best opportunity for saving on their insurance may be to increase deductibles, remove Comprehensive/Collision on older vehicles, and/or take advantage of our discounts. And practicing safe driving will keep costs lower for everyone.

If you have questions, please call your Agency Account Manager or Underwriter at **866.675.3345**.

¹Insurance Information Institute, "More Accidents, Larger Claims Drive Costs Higher," October 2016
²S&P Global Market Intelligence, "Private Auto Loss Ratios Hit New 5-year Highs in Majority of States in 2016"
³Insurance Information Institute, "More Accidents, Larger Claims Drive Costs Higher," October 2016
⁴Bloomberg Business Week, "Insurance Bills Rise as Texters Crash Cars," February 2017

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