Personal Lines

Why are insurance costs rising for drivers?

Nationwide trends are influencing the cost to protect your vehicle.

More fatalities

more than **38,800** people are **killed** in car accidents in the United States every year

More expensive

- **Repair** costs are **up 40%**
- Hourly **labor** is **up 8.2%**
- **Windshields** cost **15% more**
- **Hoods** cost **9% more**

More cars

14.9 million new cars sold in 2021

More distracted and social media use

660,000 Americans are using cell phones or electronic devices while driving—at any given daytime moment

More fatigued

328,000 average annual number of drowsy driving crashes and **6,400** fatalities due to drowsy driving

More demand

Due to supply shortages, **used car prices increased** by more than **24%** over the past year and **new car prices** are up nearly **9%**

More speed

Average speeds have increased by as much as **250%** in the past year

More technology

High-tech auto parts (xenon headlights, sensors, cameras, etc.) have resulted in an average increase in claim costs of almost **$300** in the last 5 years

More claims

Total loss frequency is up **4.1%**

We can help make sure you have the right coverage

Contact your agent today and avoid being underinsured.

Stay in the driver's seat

There is one great way to help protect against a client shopping their policy as a result of an auto rate increase: **be proactive**.

42% of renewal shopping takes place within 60 days of a policy expiration date*. By contacting clients before this critical date, you can help lessen the impact of an increase, and help them "right size" their policy.

Once you have the conversation started, here are three steps to help you **stop the shop**:

Educate

- Review industry trends, including the statistics included on this infographic.

- Point out that it's not just the frequency of auto accidents that's increasing, but the severity too. Lawsuits are a real threat. This could help position a conversation around the value of an umbrella policy.

- Your insured may be a safe driver, but other external factors can be impacting their rate.

* LexisNexis shopping study

Advise

- Ask about significant life changes coming up, such as a marriage, a new car, or a teen driver, to ensure they have the right coverage.

- Inform your client that switching carriers can be an inconvenient and time-consuming process, one that might not save them any money.

- Discuss the strength of lesser-known coverage options, such as **rental car coverage** or **newer car replacement**.

- Discuss how a switch in carriers may result in a loss of equity in certain coverage features, such as **accident forgiveness** or **deductible dividends** or **SafeTeen discounts** for teens.

Offer

- Propose a higher deductible in exchange for a lower rate. Deductibles more than $1,000 are becoming increasingly common.

- Encourage them to bundle their home and auto coverage, as having a bundled policy helps absorb the impact of an auto rate increase. Plus, rounded policies have a 10% higher rate of retention.

- Make sure all appropriate discounts are applied: check your agent guide for group codes, **good student**, **student away from home**, prior carrier and advanced quote discounts.

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