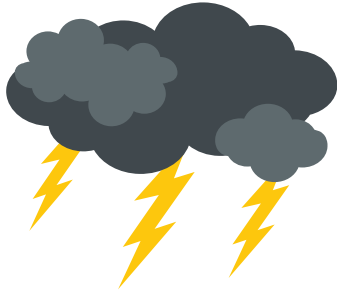


The many factors driving auto insurance rates

Inflationary pressures and shortages are contributing to the rising costs to repair and replace vehicles.

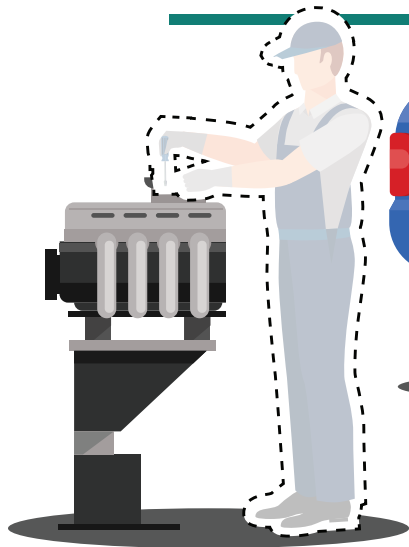
Here are some of the factors that may affect premiums moving forward.

15 separate \$1B+ loss events from weather as of Oct 11, 2022¹



Used car and truck prices up 7.2%; new vehicle prices up 9.4% Sept '21 - Sept '22²

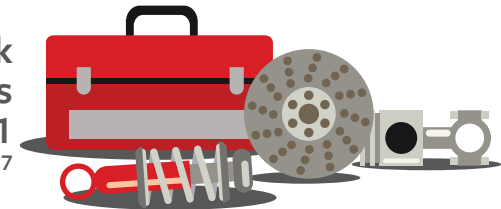
Supply chain issues have triggered shortages of chips — and new cars³



High severity in auto accidents; number of fatal car crashes is up 15%, 2022 compared to 2020⁴

There are labor shortages⁵ and wage increases are up 8.5%, Q1 '22 over Q1 '21⁶

Vehicles: bodywork costs up 12%, repairs up 15%, Nov '21 compared to Nov '22⁷



¹ NOAA National Centers for Environmental Information (NCEI), U.S. Billion-Dollar Weather and Climate Disasters (2022), <https://www.ncdc.noaa.gov/billions/>; ² U.S. Bureau of Labor Statistics, October 19, 2022, <https://www.bls.gov/opub/teq/2022/consumer-prices-for-shelter-up-6-6-percent-for-year-ended-september-2022.htm>; ³ Chip Shortages Still Plague Toyota, Some Other Auto Makers, November 1, 2022, <https://www.wsj.com/articles/chip-shortages-still-plague-toyota-other-auto-makers-11667280514>; ⁴ National Safety Council (NSC), <https://injuryfacts.nsc.org/motor-vehicle/overview/preliminary-monthly-estimates/>; ⁵ TechForce, <https://techforce.org/techforce-releases-2022-technician-supply-demand-report/>; ⁶ U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, General Automotive Repair, 1Q21-1Q22; ⁷ U.S. Bureau of Labor Statistics, Jan-Nov 2022, <https://www.bls.gov/news.release/pdf/cpi.pdf>.

Why rate pressures are building in the home insurance market

Inflationary pressures are contributing to the rising costs to repair and rebuild homes.

As the home insurance industry deals with an increase in loss costs, here are some of the factors that may affect premiums moving forward.



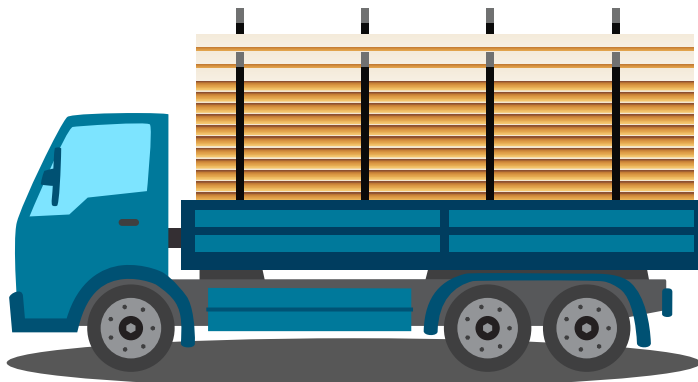
15 separate \$1B+ loss events from weather as of Oct 11, 2022⁴



Material goods for new residential construction prices up 14.3% Oct '21–Oct '22¹

Asphalt roofing materials prices up 14.5% Oct '21–Oct '22²

Prices for lumber and wood products up 6.2% Oct '21–Oct '22³



423,000 job openings in the construction industry as of Sept '22⁵



¹ U.S. Bureau of Labor Statistics, Producer Price Index by Commodity: Inputs to Industries: Net Inputs to Residential Construction, Goods, October 2022; ² U.S. Bureau of Labor Statistics, Producer Price Index by Commodity: Asphalt Felts and Coatings, October 2022; ³ U.S. Bureau of Labor Statistics, Producer Price Index by Commodity: Lumber and Wood Products, October 2022; ⁴ NOAA National Centers for Environmental Information (NCEI), U.S. Billion-Dollar Weather and Climate Disasters, (2022). <https://www.ncdc.noaa.gov/billions/>; ⁵ U.S. Bureau of Labor Statistics, Job Openings: Construction, September 2022.

What to do when your customers question premium increases

There are a number of ways you can address questions about any premium increases and offer options that can address budget and coverage needs.

- **Provide background info on national factors and trends.** Explain the many unforeseen factors that are driving increased risks and costs, including:
 - Increased building material shortages and prices
 - Extreme weather
- **Offer to conduct a coverage review.** Quantum Home 2.0® is designed to provide more customized protection by allowing you to scale up or down the base policy coverage, strengthen with optional packages, and supplement with specialty options to further tailor your client's coverage.
- **For customers who purchased Decreasing Deductible® or Loss Forgiveness, remind them of the benefits.** Customers with Decreasing Deductible receive a \$100 credit each year that will be applied toward the deductible in the event of a loss. Loss Forgiveness helps clients avoid a rate increase related to one loss every five years.
- **Consider adding the Roof Systems Payment Schedule for Windstorm or Hail losses.** This cost-saving endorsement reduces coverage by paying a specified percentage of the cost to repair or replace a roof when damage is caused by wind or hail. The percentage is based on the age and type of roof, so be sure to keep the roof age updated on their policy.
- **Offer total account solutions for multi-policy discounts.** Travelers offers attractive and highly competitive discounts for customers who bundle different types of coverage.
- **Consider any upgrades that may qualify for discounts.** Installing safety features like smoke detectors, fire alarms, water sensors, interior sprinkler systems, home security systems or smart home technology could offer additional savings.
- **Ask if they'd consider a higher deductible to lower premiums.** Remind them that switching to a higher deductible is one way to quickly decrease their premium.

Why Travelers continues to be the smart choice

With Travelers, you can customize coverage to address your clients' needs and budgets with flexible base policy coverage limits and levels, cost-effective bundles that combine popular endorsements, and an array of specialty options and discounts. And your customers are supported by:

- **Knowledgeable Claim professionals** who have the technical expertise to help customers through a claim and strategically solve any claim challenge. We also have trained catastrophe response experts ready to be deployed in 24 hours if disaster strikes.
- **A strong and stable partner** with an A.M. Best A++ financial strength rating.*
- **Innovative digital marketing tools and resources** that help your agency connect with consumers in social media, increase your web presence and drive leads into your agency. These industry-leading, complimentary marketing resources include:
 - Social media campaigns
 - Videos
 - E-brochures and sell sheets
 - Acquisition, cross-sell and retention campaigns

How to build your home business

To learn how Travelers can help you offer your customers innovative home insurance designed for today's world, visit [QuantumHome2.com](https://www.travelers.com/QuantumHome2). And to find out about all our marketing offerings, check out *toolkitPlus* at [Travelers.com/ForAgents](https://www.travelers.com/ForAgents).



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