

The many factors driving auto insurance rates



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

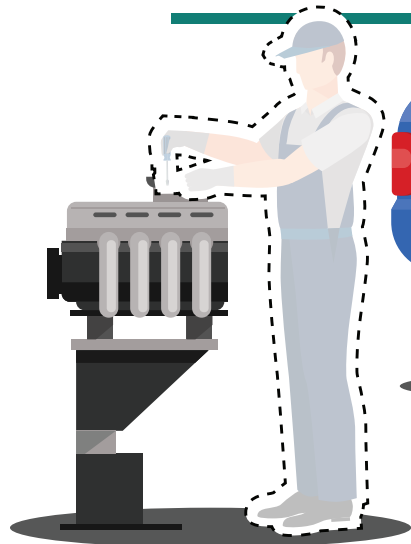
Here are some of the factors that may affect premiums moving forward.

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

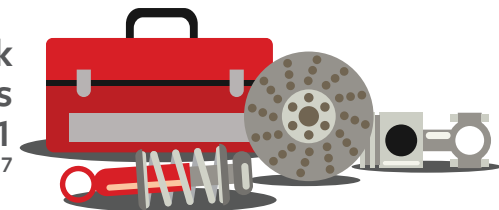
Supply chain issues have triggered shortages of chips — and new cars³



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/ted/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>.

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 help decrease premiums.

- **Provide background info on global factors and trends.** Explain the many factors that are impacting risks and costs around the world, including:
 - Impact of the pandemic
 - Supply chain issues
 - Increased demand and costs
 - Extreme weather
- **Offer to conduct a coverage review.** Make sure your customer has the appropriate coverages for their needs and is taking advantage of all available Travelers discounts.
- **Remind them of Travelers auto loyalty benefits.** There are benefits such as incident leniency, youthful driver leniency and longevity credits that can decrease their costs, which they may lose if they switch to a new carrier.
- **Suggest valuable options that provide additional protection.** Options like Premier Responsible Driver[®] with Accident Forgiveness and Decreasing Deductible[®], Premier New Car Replacement[®] and Premier Roadside Assistance[®] can help reduce costs to the customer in the event of a claim.
- **Offer total account solutions for multi-policy discounts.** Travelers offers highly competitive discounts for customers who bundle different types of coverage.
- **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.
- **Mention Travelers' exceptional claim service.** Our claim service sets us apart and offers the reassurance of knowing we're there to help them whenever they need assistance.

Why Travelers continues to be the smart choice

With Travelers, you're able to offer your clients valuable protection at competitive rates, while helping them save more with our packages and discounts. And your customers are supported by:

- **Claim professionals with extensive knowledge** in every type of auto claim, and tools that offer flexible options for managing their experience — like virtual inspections that allow us to remotely assess damage. We also offer a vast network of convenient repair shops that guarantee repairs for as long as your customer owns the vehicle.
- **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 accelerate your auto business

To learn how Travelers can help you offer your customers innovative auto insurance designed for today's world, and to find out about all our marketing offerings, check out *toolkitPlus* at Travelers.com/ForAgents.



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