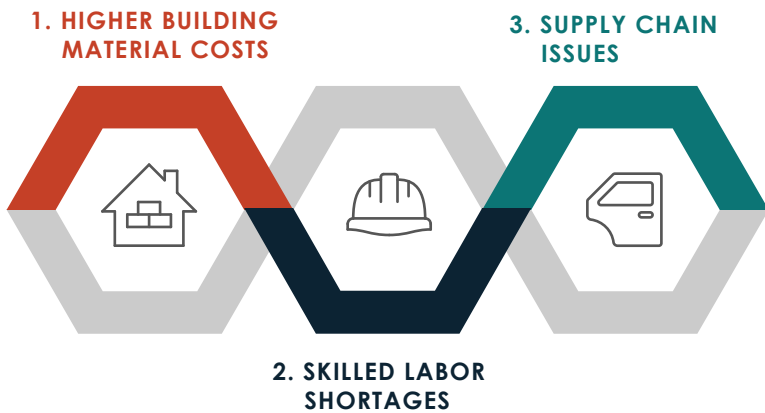


INFLATION & INSURANCE:

How inflation may affect your insurance premium



Inflation has been a topic at the forefront of developing news. According to the U.S. Bureau of Labor Statistics, the Consumer Price Index for All Urban Consumers rose 5% in 2021. As a result, insurance carriers are enduring increased construction costs driven by these factors:



Rockford Mutual has a history of implementing very modest premium adjustments as we pursue initiatives to improve the risk and profitability of our business.

We want to ensure we are providing adequate coverage to all policyholders. To offset the above inflationary factors, you may notice a premium increase at renewal. This will help ensure Rockford Mutual is poised to provide you with the services you require in the event of a loss.

For more information, please contact your local Rockford Mutual Insurance Agent.

Historic inflation and other market forces are increasing the cost to repair and replace homes and vehicles.

1

Between 2020 and 2021, the cost of building materials alone rose 11.9%. Lumber rose a staggering 42% over the past year.¹ Higher material costs result in pricier home repairs and new construction.

2

Roughly 60% of builders surveyed² report a skilled labor shortage in the home-building industry, which is driving up labor costs involving construction.

3

Shortages on microchips and other critical auto parts have impacted the cost to repair or replace a vehicle after an accident. New car prices rose 10.6% between Oct. 2020 and Oct. 2021, while used car prices jumped up nearly 32%.³

1 CoreLogic Quarterly Construction Insights (Q2 2021)

2 National Association of Home Builders. "Building Material Prices: Large Increases Year to Date" (Sept. 2021)

3 CNN Business. "This is a crisis now." Biden official pleads with Congress to immediately address computer chip shortage" (Dec. 2021).