

# The Insurance Market has been disrupted, and it may affect you.

## WE ARE HERE TO HELP!

The Terry Pennington Agency is committed to education and guidance during these unprecedented times.

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### Challenges Affecting Your Insurance Rates

Insurance rates are increasing due to the challenging market conditions and rising costs in various sectors. Groceries, gasoline, and materials have become more expensive, affecting the prices of everything, including insurance.

Rates are determined based on the actual expenses of rebuilding, replacing, or repairing homes and vehicles. As costs continue to rise, it becomes more expensive to fully restore individuals after accidents or claims.

**For more detailed information on the factors influencing insurance rates, please refer to the following pages.**



## Money Saving TIPS

**(Consult with your Agent on your specific policies.)**

- Explore higher deductibles as it can potentially lower your insurance premiums.
- Look into telematics programs, where your driving behavior is monitored. By performing well, you may qualify for discounts.
- If you haven't already done so, bundle your home and auto insurance policies together for potential savings.
- Be mindful of excessive shopping around for insurance policies as it can work against you. Many insurance companies reward policyholders for their loyalty, so staying with your current carrier for an extended period may provide better rate stability. Insurance carriers may also consider the length of time you've been with them when evaluating claims frequency.
- Make an effort to avoid any kind of traffic violations or tickets, as they can negatively impact your insurance rates.
- Whenever possible, handle small claims out of pocket. However, before making a decision, consult your insurance agent and seek claims counseling if necessary. It's advisable to reserve insurance coverage for catastrophic events rather than minor incidents.
- Lowering your liability limits may actually cost you more in the long run. By carrying the minimum state-required limits, you may be grouped with inexperienced drivers or those who statistically have a higher likelihood of incidents. Additionally, insufficient limits can leave your savings and net worth vulnerable, as your wages may be garnished to cover expenses beyond your policy limits in the event of a severe claim.

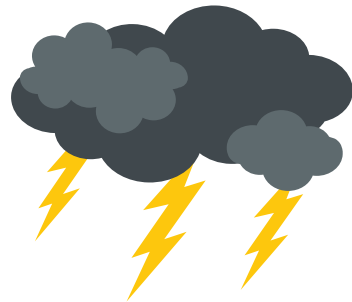
# Challenges Affecting Your Auto Insurance Rates

*Not only are accidents more likely, repairs/replacements are more costly.*

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



**18 weather-related disasters with losses of \$1B+ in 2021 to date<sup>1</sup>**



**Used car prices up 26.4%;  
new car prices up 9.8%<sup>2</sup>**

**Supply chain issues triggering shortage of chips — and new cars<sup>3</sup>**

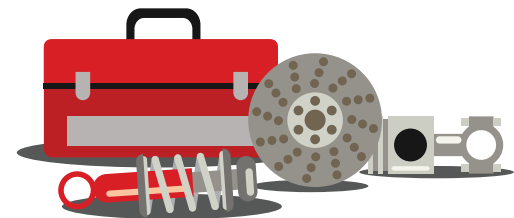


**Increase in severity of auto accidents; number of fatal car crashes up 18.4%<sup>4</sup>**

**Labor shortage; need for 3 times as many trained auto technicians<sup>5</sup>**

**Resulting in longer repair times and more days needed in rental cars**

**Average car insurance claim costs up 20%; parts costs up 6%<sup>6</sup>**

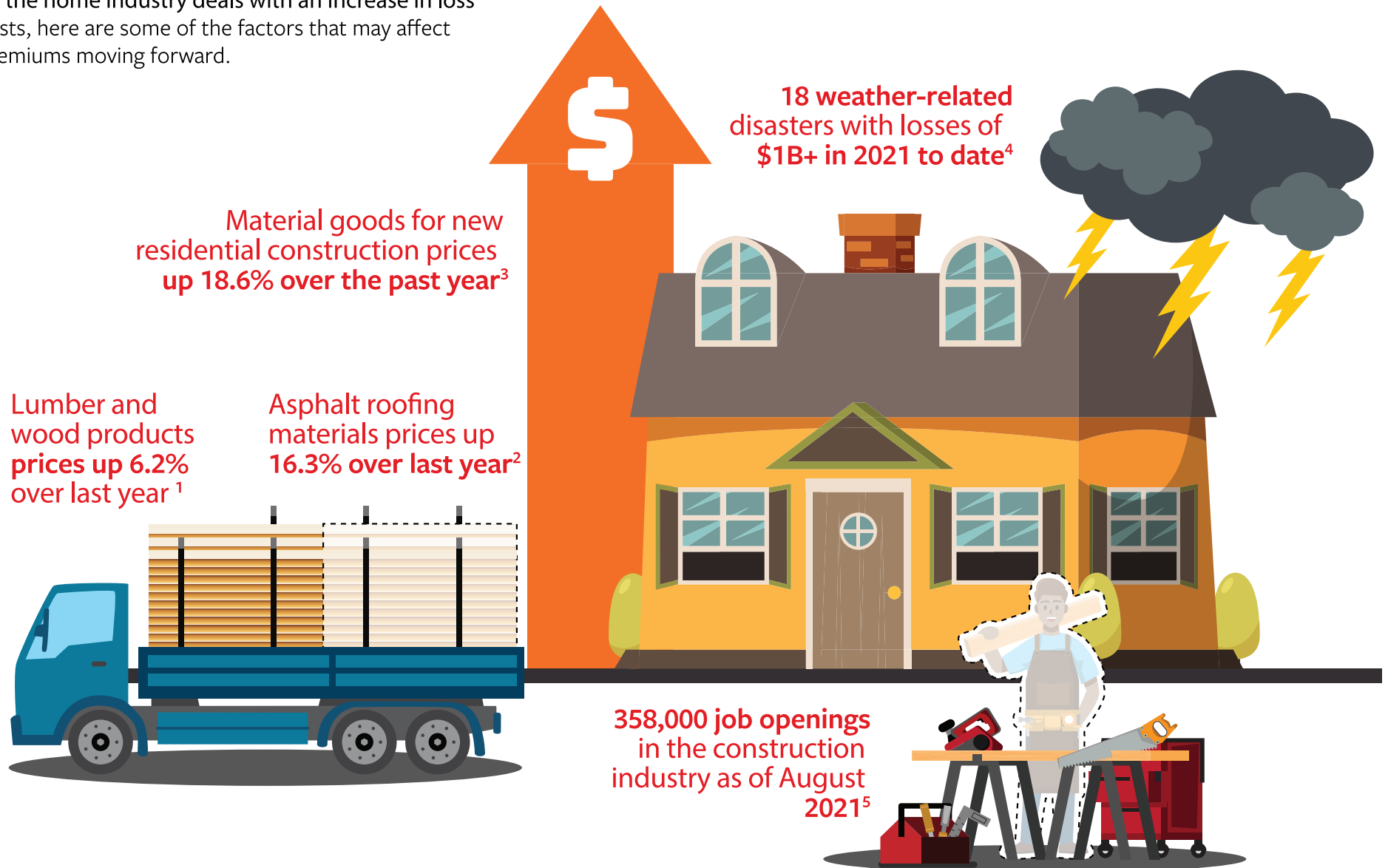


<sup>1</sup>National Centers for Environmental Information, U.S. Department of Commerce, Oct. 8, 2021; <sup>2</sup>Consumer Price Index, U.S. Bureau of Labor Statistics, Oct. 13, 2021; <sup>3</sup>"A Tiny Part's Big Ripple: Global Chip Shortage Hobbles the Auto Industry", The New York Times, Oct. 14, 2021; <sup>4</sup>National Highway Safety Traffic Administration (NHSTA), U.S. Department of Transportation; first six months of 2021 compared to 2020; <sup>5</sup>2020 Technician Supply & Demand Report, TechForce Foundation; <sup>6</sup>Impact of the Pandemic on the P&C Insurance EconomyCCC Intelligent Solutions, Sept. 2021.

# Challenges Affecting Your Home Insurance Rates

*Not only are claims more prevalent, repairs/replacements are more costly.*

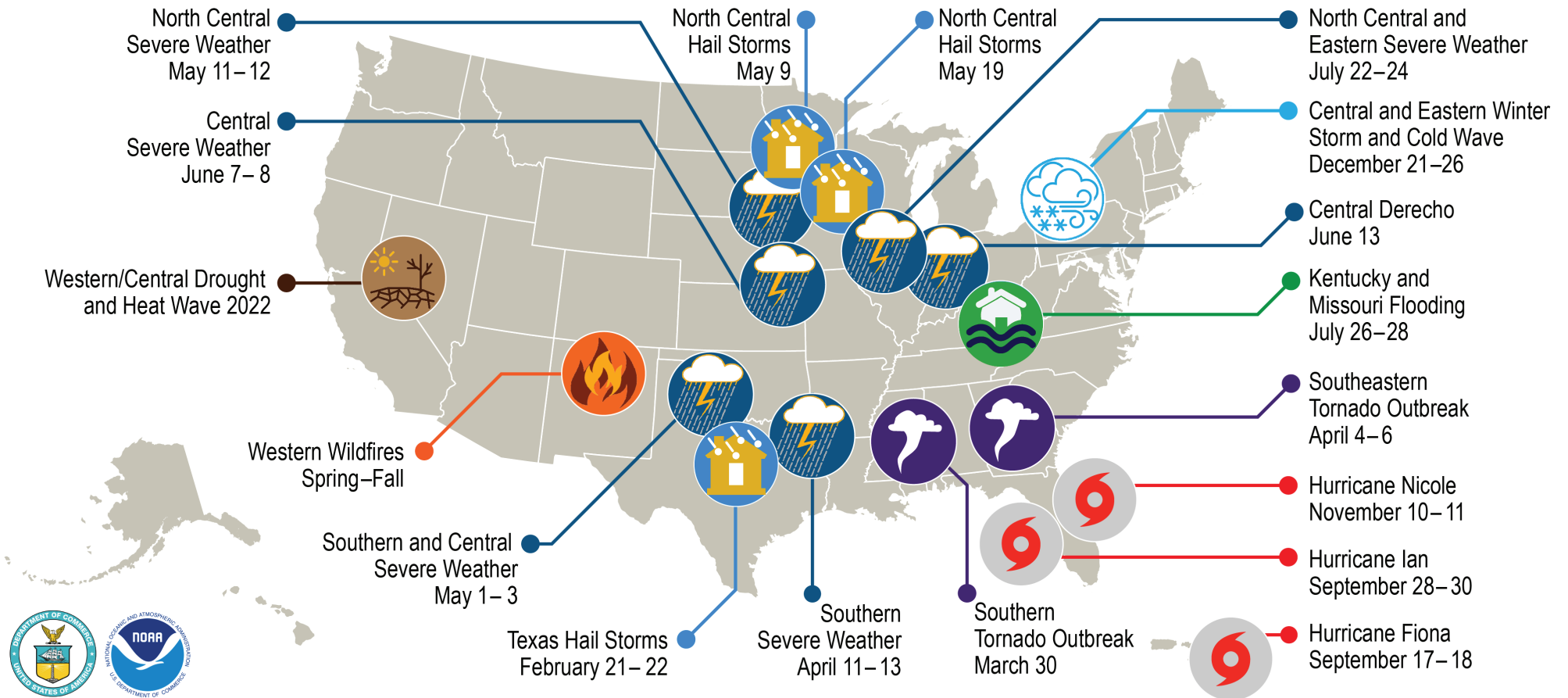
As the home industry deals with an increase in loss costs, here are some of the factors that may affect premiums moving forward.



<sup>1</sup>U.S. Bureau of Labor Statistics, Producer Price Index by Commodity: Lumber and Wood Products, October 2021; <sup>2</sup>U.S. Bureau of Labor Statistics, Producer Price Index by Commodity: Asphalt Felts and Coatings, October 2021; <sup>3</sup>U.S. Bureau of Labor Statistics, Producer Price Index by Commodity: Inputs to Industries: Net Inputs to Residential Construction, Goods, October 2021; <sup>4</sup>National Centers for Environmental Information, U.S. Department of Commerce, Oct. 8, 2021; <sup>5</sup>U.S. Bureau of Labor Statistics, Job Openings: Construction, September 2021.

# U.S. 2022 Billion-Dollar Weather and Climate Disasters

-  Drought/Heat Wave
-  Flooding
-  Hail
-  Hurricane
-  Severe Weather
-  Tornado Outbreak
-  Wildfire
-  Winter Storm/Cold Wave



*This map denotes the approximate location for each of the 18 separate billion-dollar weather and climate disasters that impacted the United States in 2022.*