

The many factors driving 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 date¹



Used car prices up 26.4%;
new car prices up 9.8%²

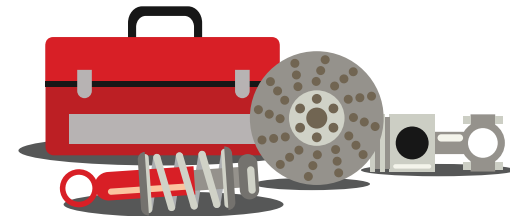
Supply chain issues triggering shortage of chips — and new cars³



Increase in severity of auto accidents; number of fatal car crashes up 18.4%⁴

Labor shortage; need for 3 times as many trained auto technicians⁵

Average car insurance claim costs up 20%; parts costs up 6%⁶



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

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 unforeseen 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. Agents who use these tools can generate 10% or more quotes, while increasing cross sell and retention.** These industry-leading, complementary 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.



*Certain subsidiaries of The Travelers Companies, Inc. that are included in The Travelers Insurance Companies pool have received an A.M. Best rating of A++; other subsidiaries are separately rated. For a listing of companies rated by A.M. Best and other rating services, visit travelers.com. Ratings listed herein are as of November 5, 2020, are used with permission, and are subject to changes by the rating services. For the latest A.M. Best ratings, access ambest.com. AM Best Market Share Data, 2019.

**Internal Travelers study on causal effect of toolkitPlus utilizing data from Jan 2019–Feb 2020. Study utilized matching method to identify the appropriate control group. toolkitPlus was shown to generate an average quote lift of up to 13%.

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