

HOW MARKET TRENDS IMPACT INSURANCE RATES



Insurance rates fluctuate over time even if you don't make any changes to your individual policy. While there are things you can do to save on insurance costs — like working with your agent to customize your plan with the right coverages and discounts — it's important to know the other factors that also impact insurance costs.

RISING AUTO MARKET COSTS

As the car market adjusts to higher costs, these can translate into rate increases across all insurance providers.

Higher Repair and Replacement Costs

Additional sensors, cameras and other features also come with higher repair and replacement costs.

More Severe Accidents

Riskier driving behaviors including speeding, distracted driving and impaired driving may lead to more severe accidents with higher medical payouts.

Expensive Medical Care

Over the last five years, the cost increase for medical and hospital services has outpaced the rate of overall inflation.

Impact Of The Pandemic

The pandemic caused large disruptions to the global supply chain, leading to higher costs for vehicle repairs and replacements that still persist today. In addition, driving mileage is back up to pre-pandemic levels.



Advanced Vehicle Technology



Distracted Driving



Increased Miles Driven



Medical Inflation



SOURCE: The New Normal? Auto Insurers Continue to Struggle with inflation from American Property Casualty Insurance Association, Update October 2022

HOMEOWNERS INSURANCE COSTS

Cost of Materials

As the cost of building materials changes due to supply and demand, the amount of coverage you need may also increase, which can impact the overall cost of your insurance.

Cost of Labor

Should you need to rebuild or repair your home, it's not just the materials that influence cost — labor is a big component, too.



+13.6%
Drywall



+4.5%
Carpet



+22.1%
Interior Trim



-5.1%
Lumber



+11.1%
Paint



+16.5%
Roofing



+7.8%
Carpenter



+8.6%
Electrician



+7.3%
Plumber

SOURCE: Building and Labor costs shown come from 360Value® Quarterly Reconstruction Cost Analysis Q1 2023, issued by ISO®, a Verisk® business
Increases in building & repair costs between January 2022 and January 2023

THE IMPACT OF ENVIRONMENT AND WEATHER

Insurance helps provide financial protection against the unexpected, like tornadoes, wildfires and hail. As the frequency and severity of environment and weather disasters increases, that can have an impact on the cost of insurance.

Weather Statistics from 2022



18

\$1B WEATHER DISASTERS

A record eighth consecutive year where the U.S. experienced 10 or more billion-dollar disasters.¹



4,436

HAIL EVENTS

3 major events each with over \$1 billion in losses.²



7.5M

ACRES BURNED

Over 66,000 fires created air quality and health concerns across the U.S. in 2022.¹



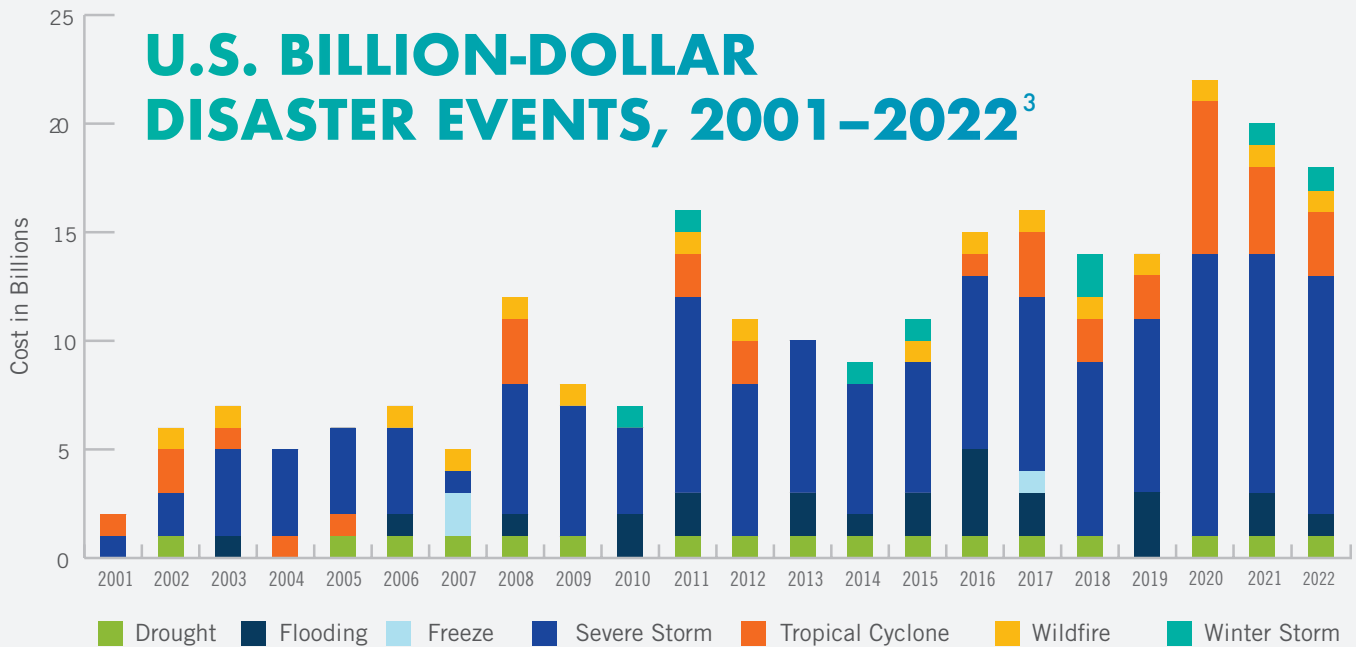
1,331

TORNADO REPORTS

9% higher than 1991-2020 annual average across the contiguous U.S.¹

BILLION-DOLLAR WEATHER DISASTERS

Billion-dollar weather/climate disasters have been growing more frequent in the United States. In the 2000s, the U.S. averaged 6.3 per year. By the 2010s, that average grew to 12.3 per year. In contrast, there were 18 in 2022! These disasters cost over \$165 billion total, making 2022 the third most expensive on record.³



WHAT CAN YOU DO ABOUT IT?

Talk with your local insurance agent to review your coverages, limits, and deductibles. They can help you select the best combination of coverage, price, and service from multiple insurance providers as well as identify any discount opportunities you may qualify for like bundling your home and auto policies.



For more information on how you can save on rising insurance costs, please contact your local insurance agent or visit msainurance.com.

1. NOAA National Centers for Environmental Information, *Assessing the U.S. Climate in 2022*, <https://www.ncei.noaa.gov/news/national-climate-202212>
2. NOAA's National Weather Service Storm Prediction Center Annual Severe Weather Report Summary 2022, https://www.spc.noaa.gov/climo/online/monthly/2022_annual_summary.html
3. NOAA National Centers for Environmental Information, *Billion-Dollar Weather and Climate Disasters*, <https://www.ncei.noaa.gov/access/billions/>

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