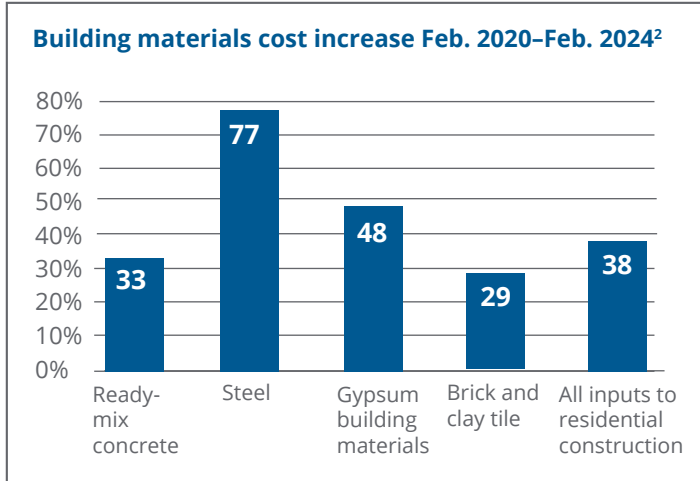


WHAT'S CAUSING RISING INSURANCE RATES?

1 HOME

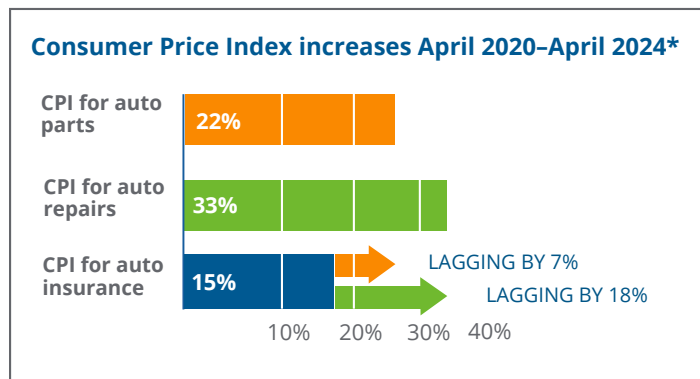
Rising supply costs are exacerbated by construction delays from unpredictable supply levels.¹



2 AUTO

The outlook for Personal Auto business remains negative. Inflation, supply chain uncertainties, and advances in expensive auto technology mean higher claims costs.³

Auto insurance rates continue to lag behind the Consumer Price Index (CPI) costs of materials, labor, medical care, and technology.



Source: [St. Louis Fed](https://www.stlouisfed.org)

*Percentages rounded to the nearest whole number

3 COMMERCIAL

Building material cost increases



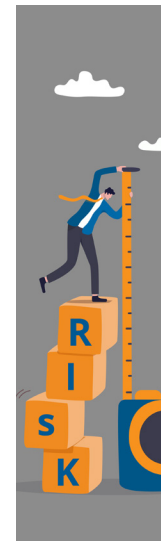
Nonresidential construction input prices are 2.2 percent higher than a year ago, but have increased 42 percent since February 2020.⁴

Underinsurance



As many as 68 percent of undervalued buildings are underinsured by 25 percent or more, and 19 percent are underinsured by 100 percent. Underinsurance means claims are not fully covered by policies, which leads to stricter underwriting practices and higher rates.⁵

Reduced appetite for risk



Large losses often lead carriers to withdraw from high-risk markets or pull back on how much risk they're willing to cover. This leads to an insurance "shortage," and supply and demand principles come into play. 2024 is expected to be more stable but accounts with large losses will likely see rates increase by 10 to 20 percent in the remainder of 2024. Liability rates are also expected to increase 5-10 percent for the remainder of the year.⁶

¹National Association of Homebuilders | ²National Association of Homebuilders, "Materials Costs Affect Housing Affordability," May 15, 2024 | ³AM Best, "Best's Market Segment Outlook: US Personal Auto Insurance," March 22, 2024 | ⁴ABC News, "Led by Energy, Construction Material Prices Surge in April," May 14, 2024 | ⁵Marsh McLennan Agency, "2024 Commercial Property Insurance Trends," March 22, 2024 | ⁶Business Insurance, "Property Outlook Stable, Liability Lines Challenging: USI," June 4, 2024



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