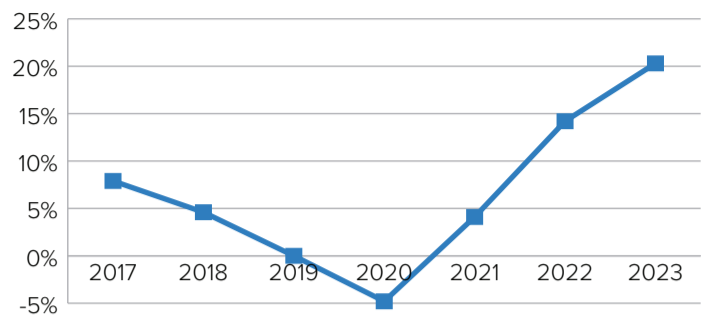


What's Happening With Auto Insurance Rates

Personal auto insurance claim severity has been rising steadily for all types of vehicles since the end of the COVID-19 pandemic, even as claim frequency has been on the decline. This is due to increased costs to repair and replace damaged or stolen vehicles, as well as higher medical costs. As a result of these rising costs, premium rates also have been rising – a trend made more stark as it follows more than \$14 billion that insurers returned to policyholders in the form of refunds, rate cuts, and rebates at the height of the pandemic, when fewer cars were on the road.

Year-over-year Change in Vehicle Premium



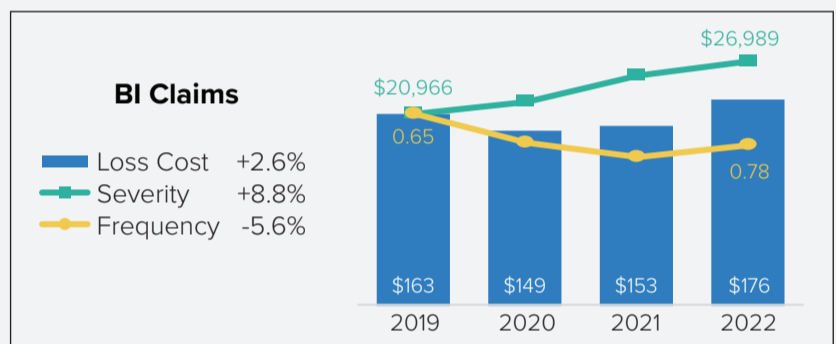
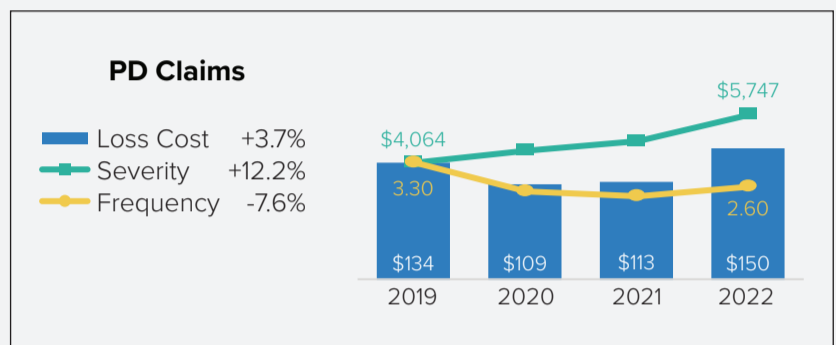
Source: Motor vehicle insurance, December 2023 BLS, Consumer Price Index

Types of auto liability insurance:

- **Property damage (PD)** covers physical damage to vehicle and other property resulting from an accident in which you are determined to be at fault.
- **Bodily injury (BI)** covers medical expenses resulting from an auto accident in which you are determined to be at fault.

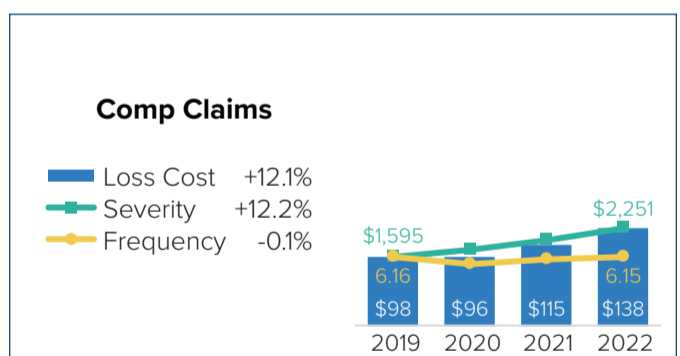
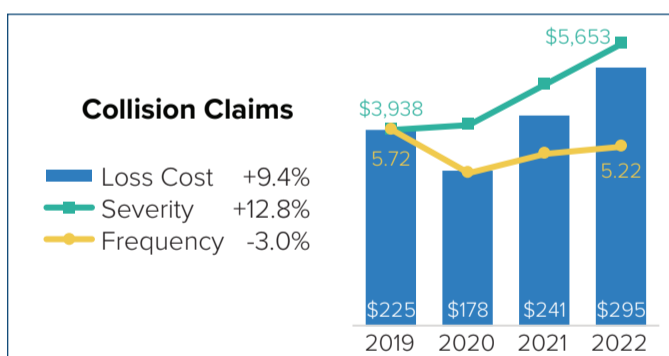
Drivers are required to purchase liability coverage in almost all 50 states.

Loss cost is a combination of accident frequency and accident severity and is an estimate of the total cost of an accident to the insurance company.



Source: Insurance Research Council

Collision is often required by financing entity (new or used vehicles)



Source: Insurance Research Council

Impacts to Auto Claims



In 2022 and 2023, **severe weather** caused hail damage, tornadoes, tree and wind damage that contributed to auto claims.

Source: National Oceanic and Atmospheric Administration



Distracted driving contributed to \$98.2 billion in economic losses in 2019. Cellphone usage is the #1 cause of distracted driving.

Source: National Highway Transportation Safety Administration



More than **one million vehicles were stolen in 2022**, up 7% from 2021 and the first time since 2008 more than a million vehicles were stolen.

- Two Hyundai models broke onto the top 10 list of stolen vehicles, driven by internet videos.¹
- Catalytic converter thefts grew in 2022 to 153,000 up 300% from 2021 with cost to replace estimated at \$2,000 - \$3,000 each.²

1. National Insurance Crime Bureau

2. CARFAX