

Dear Valued Customer,

Thank you for allowing Kasmann Insurance the opportunity to renew your policy. You should have already received your renewal documents directly from your insuring company.

A lot has changed in the insurance industry this year and we want to share some information, so you are better prepared for the changes to your rates and coverages in the upcoming months.

Carriers across the nation are tightening up guidelines and raising rates, and it's happening fast, especially for Auto and Home companies. These changes began happening on the coasts and have now reached the Midwest. Some carriers have stopped issuing new policies, others have put a moratorium on binding new coverage, and some have been deemed insolvent and are exiting the market altogether because they cannot operate in this inflationary environment. Companies that are staying in the game are raising rates, restricting the business they will write, changing roof coverage rules, requiring Auto/Home bundles (versus a single policy) or higher deductibles, or discontinuing payment plans; and some carriers are no longer reinstating policies if they lapse for a late payment.

Even if your premium did not go up much this renewal, this changing environment will eventually affect you and your premium will increase. This is not personal, it is not based on a claim you may or may not have had, or your driving record, and it has nothing to do with your vehicle age, it's simply the cost of doing business, or paying claims.

**Reasons Why Claims Cost More:**

- The cost to rebuild a home has increased due to rising costs of materials and labor. Supply chains for materials continues to be an issue. One company reports a 30% inflationary rise in the cost of property claims.
- The cost to repair a vehicle is up drastically due to the rising cost of parts and labor, the untimely delivery of parts, the availability and cost of rental cars, and the increased technology features on cars. Replacing a side mirror or windshield used to be about \$500, now it can be triple that cost.
- The cost of medical care continues to skyrocket, and Bodily Injury payments from auto accidents are off the charts due to distracted driving.
- Litigation is expensive and settlements are rising at an unprecedented rate. Did you know Missouri was once the most litigious state in our nation? It is no longer at number one, but it does still rank in the top ten.
- The frequency and severity of auto accidents are up, along with the rising frequency of auto fatalities.
- Reinsurance (the insurance your insurance carrier buys to help pay for catastrophic losses) is at, or is approaching capacity in most markets and the rising rates are unsustainable. This is a significant issue in the Property and Casualty insurance industry, and pricing correction is expected through at least 2025.

**There are some things you can do to help you get through this current insurance market:**

- Consider higher deductibles.
- Safe Driving Telematics Programs are offered through many carriers now and may reward your good driving with a discount.
- Coverage and Discount reviews – is that paper bill really worth that extra couple dollars? Maybe it's time to consider taking the physical damage coverage off your twenty-year-old car?
- DO NOT let your policy cancel or lapse **for any reason**. Carriers are not willing to reinstate coverage like they once did and you may find yourself with a much higher rate.
- Bundle your Home and Auto. We often compare your premiums this way, but some of you have your home or auto insured with a friend or family member elsewhere. Now is the time to figure out which company has the best package for you and bundle them together.
- Follow the laws so you don't get any tickets and drive defensively to avoid accidents. Tickets and accidents can follow you for 3-5 years, depending on the severity and your carrier.
- Your Auto and Home insurance policies are not maintenance plans. Absorb small claims when you are able to save your coverage for a catastrophic loss. Claim frequency matters when carriers look at increasing rates or nonrenewing coverage.
- Tenure. Switching between companies often so you can save a few dollars will impact your rate and insurability. Carriers are looking for clients to remain with a company for 3-5 years or more, and will be very likely to cancel new risks that incur losses right away.

Lastly, please remember that we at Kasmann Insurance are your agents for the carriers. We don't make the rules, we don't have control over the rates and we don't make the decision if your policy is cancelled by a carrier. We are here to help educate our clients and make sure you have the best insurance for your situation. I hope this letter explains a little bit of what is going on in the insurance industry, and serves as a reminder that your agents are right here with you taking the same increases, navigating carrier changes, and doing our best to help you through this ever-changing market.

Kasmann Insurance Agency handles a full line of property, casualty, and life insurance for both individuals and businesses. A no obligation quotation is as close as a phone call away.

Sincerely,

Stacey M. Page, Owner

(Thanks to the agents who put this content together to be shared widely.)