

Auto Insurance Trends Frequently Asked Questions

Q: Why did my insurance premium increase? I haven't had any accidents, received any violations or made any changes to my policy.

A: The cost of insurance is affected by many factors in the overall marketplace. Your driving record is just one of them. While you can be assured Travelers is always looking for ways to reduce expenses and pass on the savings, trends in the auto industry sometimes cause rates to increase. Sometimes the increases are small adjustments for inflation. Other times, like now, multiple factors cause rates to rise more significantly.

Q: I understand trends and inflation, but this is a pretty big increase. How could rates go up so much when the economy has been getting better?

A: Yes, the economy has improved, and gas is cheaper than it was five or so years ago. Back then, less people were working, buying new cars and driving. What we're seeing now is a combination of factors that are driving rates up.

In 2015, the auto industry posted record numbers for **miles traveled** (3.148 trillion)¹ and **new cars sold** (17.5 million)². That means more people are on the road, and the vehicles they are driving are more expensive to repair than they were 10 years ago:

- In 2005, a Honda Accord bumper cost \$818; in 2015, it cost \$1,162 (up 42%)
- In 2005, a Ford side view mirror cost \$845; in 2015, it cost \$1,349 (up 60%)

Drivers are also **more distracted** than ever by texting and surfing the web³. At the same time, **traffic fatalities** are approaching record levels⁴:

- In 2014, there were significant increases in fatalities involving motorcyclists (9%), pedestrians (10%), pedalcyclists (13%), and young drivers (10 %)
- In 2015, more driving-related deaths occurred than in any year since 1966 (+7.2%)

Auto claims are much more expensive than they used to be. Cars have more advanced technology and safety devices now. For example, insurers are replacing car bumpers that now have cameras and sensors built into them.

Another factor is the rising cost of **medical care**.

So, the bottom line is, all insurance companies are seeing an increase in more costly accidents and claims, and are raising rates to help ensure they can be there when you need them most.

¹ U.S. Department of Transportation's Federal Highway Administration

² Strategy & Price WaterHouse Coopers, 2016 Auto Industry Trends

³ National Safety Council, Insurance Information Institute

⁴ Ibid.

Q: How is Travelers responding?

A: Like other insurance companies seeing an increase in more costly accidents and claims, we are raising our rates as well. However, Travelers remains very competitive, with rate increases in line with or below the industry average.

Q: I'd like to take my business elsewhere and get a lower price. I see lower rates online all the time.

A: I can assure you that compared to other carriers, Travelers rate increases are at or below the industry average. Let's review your policy together and see if we can make any adjustments. Keep in mind that there are certain benefits you may have earned as a loyal Travelers customer that may be impacted if you change carriers.

Q: I just can't afford this. What can I do to keep my costs down?

A: Let's take a look at your policy together. First, we can **review your coverage** to make sure you are taking advantage of all available **discounts**:

- Are you a good driver, or a low-mileage driver?
- Would it make sense to have both your auto and home policies with Travelers?
- Can you pay your premium in full, or would it be better to make payments monthly?

Additionally, if you're comfortable with a **higher deductible**, you can lower your premium. Would you like me to make that change for you now?

We also offer **options** that can help protect you against the rising cost of auto accidents:

- **Premier Responsible Driver Plan**, with Accident Forgiveness and Decreasing Deductible
- **Premier New Car Replacement** pays to replace a totaled car in the first five years
- **Premier Roadside Assistance**