



Q1 2024

Market Trends

Personal Insurance



Our Goal

As we enter the first quarter of 2024, the personal insurance landscape has evolved, presenting both challenges and opportunities for individuals across various sectors. The impacts of natural disasters, regulatory changes, economic fluctuations and more continue to shape the marketplace. Continue reading to gain insight from the Brown & Brown Personal Lines team.

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Homeowner

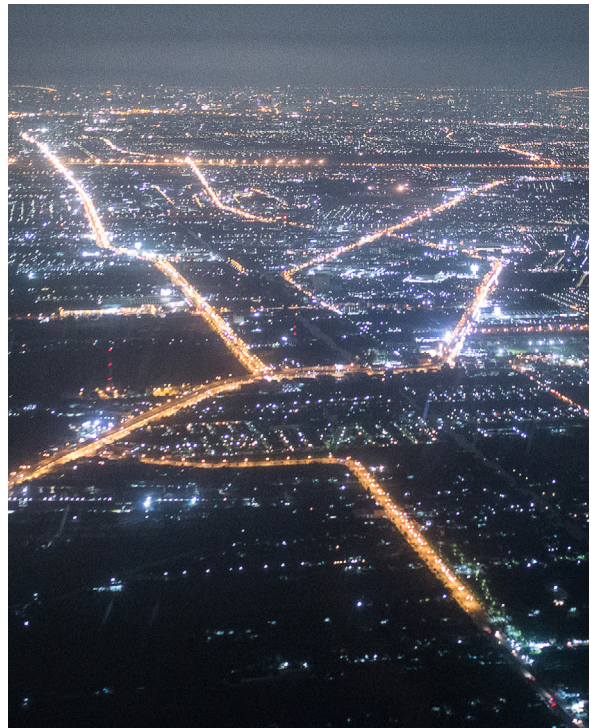
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Following a similar trend as the end of 2023, homeowners still face cost increases. The contributing factors continue to be related to the shortage of skilled laborers and the costs of replacement, repair and building materials. The frequency of catastrophic storms has also contributed to supply chain issues and shortages that customers experience.

Rate & Capacity

Homeowners have continued to be significantly affected by rate and capacity. Insurance carriers require homeowners to be more proactive regarding preventative maintenance to help protect themselves. By upgrading and maintaining various aspects of property, such as the roof, plumbing and electrical systems, individuals can help mitigate potential risks and demonstrate their commitment to maintaining a safe and secure living environment. These improvements help reduce the likelihood of insurance claims, thereby minimizing the financial risk for insurance providers.

Investing in updates can be less expensive over time compared to paying inflated premiums. This has contributed to the focus on making home improvements to obtain a more favorable rate.



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Automobile, Collector and Property

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Automobile

Remaining consistent with trends seen in the previous quarter, auto insurance is impacted by the shortage of new and used cars, parts and experienced car technicians. Natural disasters, such as severe flooding, increased auto insurance costs as there were a higher number of claim payouts. Car repair costs have also surged due to shortages, making it more expensive to maintain or repair a vehicle.

Collector

Collections, like art and jewelry, continue to be a good investment as we have seen them appreciate, depending on the artist or piece. For instance, customers' luxury watches appreciate in value over time, helping enhance their wealth portfolio. It is recommended to get regular valuations so the item(s) are insured to their proper value. Such assets must be adequately protected and are often overlooked.

Property

The property market continues to be a challenge. Trends have shown that January renewals lead to rapid hardening of the reinsurance market as insurers pass costs. Due to the hardening of the reinsurance market at January renewals, insurers have increased costs to the insurance buyers, causing notable increases in the renewals.

Concerns about replacement cost valuations and inflation are still valid in this area. Over the past two years, purchasing of homes has increased, leading to increased renovations or repairs. Inherently, this has caused property insurance to become more challenging to secure.



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Aviation and Cyber

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Aviation

The first quarter of 2024 presents new challenges and opportunities in the aviation sector. Inflation has become the latest hurdle in the already challenging insurance market, propelling a continued premium increase. The aviation industry is grappling with rising oil prices, impacting overall profitability. A labor shortage stemming from increased demand for air travel and a limited supply of pilots and technicians has prompted underwriters to tighten training requirements, resulting in higher training costs for simulators and instructors.

Despite these challenges, the aviation insurance market is witnessing new entrants and a recalibration of capacity. As we progress through 2024, there is a sense of optimism as books are balanced, risks are undertaken and retentive measures are strengthened.

Cyber

Rates in the cyber insurance market are stabilizing on primary policies, currently averaging a reduction of 1% to 5%, although individual results are scattered. For buyers who saw meaningful decreases in 2023, pricing is anticipated to be generally flat in Q1 2024.

Carriers face considerable pressure to grow their books of business, creating competition for customers with strong controls. Insurance companies are more willing to offer broader coverage, lower retention and, in some cases, higher limits than in years past. Retentions are trending down, particularly for large risks, who previously faced the most significant increases.

Additionally, carriers continue to raise questions about catastrophic losses, with many releasing new language limiting coverage for war or other catastrophic events. These changes are driven, in part, by reinsurance restrictions.



Excess Liability and Flood

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Excess Liability

Personal excess liability insurance, or umbrella, can provide protection in many ways. Increasingly, people are realizing how important this coverage is due to the amount of claims home and auto owners are subjected to.

Individuals and families are being targeted more than ever, and having this coverage has assisted in covering unexpected lawsuits and accident costs. Ultimately, the umbrella helps protect yourself and the assets held most dear.

Flood

Many need to be aware that flood coverage is not included in renters' or homeowners' insurance. This is additional coverage that should be added to safeguard against unexpected situations.

For instance, following Hurricane Ian, a substantial amount of flood claims were not covered as homeowners needed to realize that it was not included or had opted out of this coverage because of their flood zone. Since then, we have seen an increase in consumers purchasing this coverage as it tends to be inexpensive and adds a layer of protection to one's property.

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Everyone needs Flood Insurance.

A Look Forward

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While insurance regulators aim to help protect consumers, unintended consequences often impact market conditions. Restrictions on rate increases or the carrier's inability to respond to evolving risks can lead them not to take on new business. This causes additional challenges for insurers and brokers alike, as finding a carrier to place a risk becomes significantly more difficult.



The primary cause of homeowner loss stems from non-weather-related water claims, with about half attributed to leaks from aging infrastructure. Condo or co-op owners face heightened risks, particularly in vertical living cities, where carriers are raising rates or nonrenewing policies for this specific reason.



Residents of wildlife and disaster-prone areas can expect an increase in their homeowner's premiums of roughly 20% or more. The probability of facing nonrenewal from your current carrier is rising, leading to higher-cost options with potentially limited coverage terms. This issue extends beyond Florida and California, affecting homeowners nationwide due to evolving market conditions.



Rebuilding and repair costs are soaring nationwide, influenced by demand, inflation, labor and material costs.



Auto insurance rates are increasing due to increased claim severity, supply chain challenges, parts costs, and a shortage of skilled labor, particularly evident during and after the pandemic.



Whether through FEMA-supported programs or the open market, flood insurance premiums are consistently increasing. As previously mentioned, homeowner insurance policies exclude flood coverage; considerations should be made regarding purchasing flood insurance, regardless of whether you reside in a flood hazard area. Around half of flood claims are for homes not located in a designated flood zone.



How Brown & Brown Can Help

Navigating these trends requires a proactive approach, emphasizing the importance of staying informed, regularly reassessing coverage needs and adapting when necessary. Whether you already have significant financial assets or are on the road to high net worth, Brown & Brown's Personal Insurance team offers comprehensive insurance for your lifestyle.



Find Your Solution at [BBrown.com](https://www.BBrown.com)

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