



Q2 2024

Market Trends

Personal Insurance



Our Goal

As we enter the second 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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Homeowners insurance rates continue to rise across the United States, with an average current impact of 23%. Factors contributing to this persistent trend include price increases for labor, materials and parts, as well as the continued pressure on the global reinsurance market.

In their quest to improve profitability, many homeowners insurance carriers are changing guidelines and prefer homes with roofs 10-15 years or newer, causing people to either renovate their roof or move to a less preferred carrier. Additionally, almost all high net worth carriers are requiring a water leak detection system due to the amount of water claims that have occurred.

Some carriers are automatically increasing hurricane deductibles from 2% to 5% at renewal, while some banks are starting to approve a 10% hurricane deductible compared to the previous 2% or 5%. A growing number of high net worth insureds are not carrying wind coverage or self-insuring for wind. The market is experiencing inflation reductions of 7% across the country, having a favorable impact on insurance premiums.



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Carriers are increasing their deductibles to offset the impact of rate increases, with insureds absorbing more risk.

Flood

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Floods are among the deadliest and costliest of common natural disasters. From growing populations in flood-prone areas to the impacts of climate change, the frequency and intensity of flooding events are on the rise.

It is important to note that most homeowner and renter insurance does not include coverage for flooding. Without adequately preparing for a flood, homeowners could grapple with high costs and complicated repair processes. In 2024, private flood insurance has expanded, as the demand for flood insurance continues to grow.

Technological advancements, particularly in geographic information systems (GIS), remote sensing and predictive modeling, are transforming flood risk assessment and underwriting processes. These innovations help provide insurers with more accurate data to evaluate risks accordingly.

Additionally, considerations related to climate change are increasingly shaping flood insurance practices, with insurers factoring in projections of more frequent and severe flooding events into their risk assessments and pricing models.

Factors Shaping the Market

Technological Advancement

Flooding Events Are On The Rise

Increased Demand for Coverage

Excess Liability

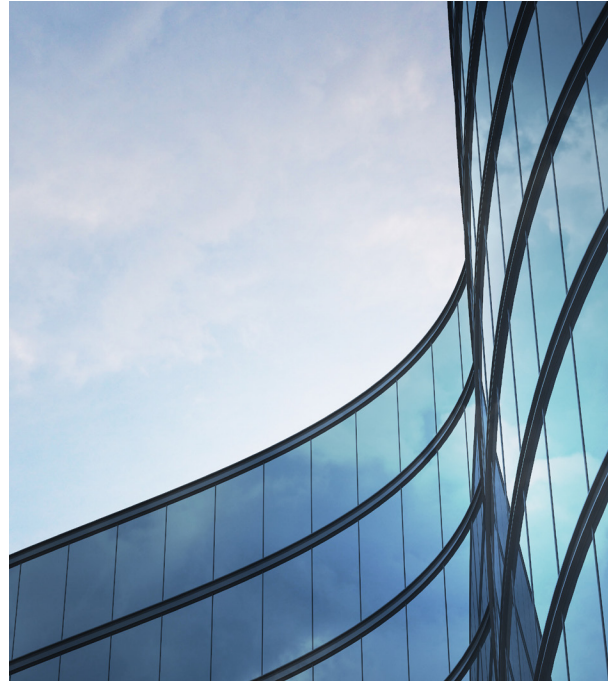
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An excess liability policy can help protect individuals against risks that could substantially reduce a portion of assets or future earnings. It is common for policies to offer unlimited defense coverage in addition to the policy limits.

The market continues to experience high verdicts and settlements. Claim costs continue to escalate, and excess liability can help protect against high dollar liability claims, including personal injury and property damage. In some cases, carriers are placing limits on the amount provided to an individual insured, resulting in layered programs. Typically, the primary carrier covers the first \$5-10M, and the excess carrier covers an additional \$5M. Given the severity of increased judgments, carriers are becoming less likely to offer higher excess limits without a strict underwriting review, including understanding exposed assets and lifestyle habits.

Motor vehicle fatalities are a trending topic, as traveling has returned to pre-pandemic norms, and distracted driving has become an epidemic. On average, there are over 17,000 auto accidents per day in the U.S. Attorneys are getting involved from the beginning of the claims process and demanding high settlements for the claimants for their injuries. Once the underlying auto limits are exhausted, the umbrella will follow.

It is important to carry the appropriate underlying limits to qualify for the umbrella coverage without any gaps in coverage. An umbrella policy can help protect your assets and earnings.



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Automobile

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Higher personal auto insurance premiums continue to be one of the main reasons customers call their insurance agent. Several factors contribute to these increases, including the rise of claim frequency and severity. 2018-2022 witnessed a 50% increase in private passenger vehicle damage claim settlements due to rising auto repair costs, availability of auto parts, inflation and theft rates.

Risky driving behavior has been witnessed more frequently. The most common of these dangerous behaviors are speeding, distracted driving, driving under the influence and aggressive driving. These factors lead to a higher likelihood of severe crashes involving bodily injury. With the significant increase in the cost of medical services and hospital visits, in addition to people's propensity to litigate, claims and settlements balloon out of control. These factors contribute to stricter underwriting and a forecast of additional rate increases.

The following are options to consider for lowering personal auto insurance premiums:

- Take advantage of your insurance company's telematics or usage-based pricing.
- Self-insure by increasing comprehensive and collision per occurrence deductibles.
 - » If financing or leasing your vehicle, you may need to verify this is contractually allowed.
- Sign up for a defensive driving course - most companies allow this credit for drivers with no at-fault accidents or moving violations, and the credit is good for three years.
- Bundle your homeowner, renter or condominium policy with the same insurance company writing your auto policy, as many companies bundle at a discounted rate.
- Many companies offer discounts for paying bills online or autopay, paying the premium in full, children with good grades, belonging to an association, employer discounts and more.





How Brown & Brown Can Help

Connect with our Brown & Brown team to learn about our knowledge in your industry, how we build our risk mitigation strategies and how we can aid your business in building a cost-saving program.



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

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