

431 W. CRAWFORD
DENISON, TEXAS 75020
(903) 463-6251 • (FAX) 463-6265



304 E. MCDERMOTT
ALLEN, TEXAS 75002
(972) 396-9797 • (FAX) 396-9535

HEMPKINS INSURANCE

I hope that you find the below information useful, and I hope that it helps explain what is happening in the insurance world today. It won't matter what carrier you are with, this is an industry issue.

The insurance marketplace is tightening up and it's happening fast. It's happening especially fast for home and auto insurance companies. This is regardless of what state you are in, however California, Florida, Louisiana and Texas are being hit especially hard. Carriers are pulling a full hard stop on issuing any new policies across the country, and carriers that have NOT put a moratorium on binding new coverage, are actually just leaving the market or they are selling to other carriers/merging. They simply can't operate profitably in this inflationary market. *EVERY DAY* we are hearing about a pause on new business, or a carrier putting a full stop on writing new policies. Some carriers are requiring *full premium payment* up front for new business or requiring a 20 to 30 day hold on new applications. Carriers may shift underwriting guidelines, so they *only* want preferred business... no claims within 5 years (not 3 anymore), home and auto bundles, etc. Some carriers will NOT reinstate coverage if it lapses, no matter the reason.

The market is disrupted and it WILL affect you. If it hasn't yet, it will. I have personally seen premiums double and triple what they were the year before.

The cost of claims has risen exponentially in the past 2 years, thus resulting in the carriers having to raise premiums or pull out of some markets. In some states, carriers have applied for rate increases, but have not been able to get them approved, so they simply shut down for new business.

If you have an auto or home insurance policy, your rates have gone up, and if they haven't, they will. This isn't personal, it's not based on a claim you may or may have not had, it's simply the cost of doing business. If you have *not* gotten a rate increase, be prepared for one at your next renewal, if you get renewal terms at all.

- ➡ The cost to rebuild your home is up dramatically due to the rising cost of materials and labor. Supply chain for materials continues to be an issue. We can all agree that everything has gone up in price. Carriers simply can't survive paying these higher prices without charging more themselves.
- ➡ The cost to repair your car is up dramatically due to the rising cost of auto parts and labor to fix your car. In addition, parts in vehicles now include some technology features. Replacing a side mirror or windshield used to be \$500 - now it's more than triple that.
- ➡ The cost of medical care continues to skyrocket. Bodily injury on auto accidents is off the charts.
- ➡ Litigation is expensive and settlements are rising at an unprecedented rate.





HEMPKINS INSURANCE

➡Both the frequency and severity of auto accidents are WAY up post COVID along with the rising frequency of auto fatalities.

➡ReInsurance (the insurance your insurance carrier buys to help cushion catastrophic loss) is at or approaching capacity in many markets, and rising rates are unsustainable.

This is a significant issue affecting the property & casualty industry, and pricing correction is anticipated at least through 2024. It won't be for forever, but it is here now.

-Consider Higher Deductibles. This will help save some money on your policy.

-Safe Driving Telematic Programs. Telematics can reward you by giving you a discount for good driving.

-Discount Reviews - make sure you're getting everything you're entitled to. Every carrier has different discount opportunities. Make sure you go over those with your agent.

-DO NOT let your policy cancel or lapse *for any reason*. Carriers are not reinstating coverage as easily as they once did. If it does cancel, they may require premium in full before reinstating. This is across the board for every line of coverage.

-Consider tenure - jumping companies too often will hurt you in the long run. In addition, some carriers won't take you as a new client if you have less than two years with a carrier. And more importantly, carriers are getting off of some risks if a claim happens in the new business term or for the number of claims in a 3-5 year window. Tenure matters with a carrier.

-Follow the laws so you don't get any tickets. Those tickets really add rate to your policy and stay on your record 3-5 years, depending on the carrier.

-Absorb small claims when you're able, and save coverage for catastrophic losses. Talk with your agent and let them claims counsel you should a loss happen. Stop using your towing or roadside assistance as a maintenance policy. Frequency of claims REALLY matters. A lot.

Lastly, please remember that we are 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 the carriers. We are here to help educate, make sure you have the best insurance for your situation, manage your account and claims counsel when needed.

I hope this message explains a little bit of what is going on in the insurance marketplace. Please be nice to your insurance agent whatever company or companies they represent - they are also taking the same increases and doing their best to help you through this.