



# The Quantum Angle

2020 proved to be a year unlike any other - insurance and personal risk management evolves to adapt to a hard market

One of the core conversations we have with clients and partners surrounds value to insurance dollars – in other words, pricing for coverage. With the exception of Workers Compensation claims, Property and Casualty (P&C) carriers have broadly continued to see pricing and underwriting pressures build against their balance sheets.

Much of this can be attributed to the yet unknown long-term consequences of the global pandemic and the legions of corresponding lawsuits surrounding business interruption losses, continued upward trending of catastrophic losses (wildfires, snowstorms in TX, the latest known tornado season on record, increasing and recurring flood events - **there were 129 events in 2020, double what there were a decade ago**), a prolonged low interest rate environment – all leading to more uncertainty, complexity, higher costs and lower limits on coverage options that are available to us all.

But it's not all bad.

## Home and Auto

*"As an Insurance Broker, Quantum represents the best interests of our clients, period." - Kerry Shapiro, President and Founder*

Water losses in homes, things like plumbing and fixture failures, currently represent half of all homeowners claims – more than fire, theft, and cat losses combined. New technologies (we have a lot of information and tools on this if you're interested) like water monitoring/leak defense systems for homes are getting smarter and more effective in identifying a leak (or a potential leak) and stopping the

flow of water, greatly reducing claims costs and often what would be months out of your home.

There's even a new system (not yet available in the US) that can spot the perfect environmental characteristics for a fire to start and can then direct a home fire suppression system to extinguish the fire before it starts. All that said, the cost of materials has skyrocketed, while the supply lines have been cut short - lumber is up +54% over the past year, while drywall is up +13%, and labor costs are up as much as 60%. Ouch.

Cars, while more expensive than ever to repair, have gotten better at protecting us from fatal accidents...four years running. In fact, the frequency (down 26%) of accidents has been declining steadily, but the severity and payouts have ballooned - the cost of replacing a bumper is up 173% over the past 5 years, while liability losses and judgements have been driven up as a result of social inflation impacting judgements, broadening the definition by juries of what constitutes liability and what insurance policies should pay. And then there's punitive damages...we'll dig deeper into what's happening in the liability markets in our next issue.

As always, we're happy to discuss your family's individual needs and trends that may impact your risk management and insurance program - just give us a call or shoot us an email. We're here when you need us, but better to talk with us before you do!

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