

# Private Client



**Recognize your exposures to weather an erratic insurance marketplace**

# Personal Lines Rates Threaten Resiliency

**Insurance rates remain elevated in most lines, but savvy homeowners who properly manage their risk will reap premium rewards.**

*As extreme weather events of 2022 continue to reverberate, homeowners can expect to pay*

**10 to 20%**

*more for property insurance in the U.S.*

As extreme weather events of 2022 continue to reverberate, homeowners can expect to pay 10% to 20% more for property insurance in the U.S., and 5% to 10% more in Canada. With the types, geography and severity of disasters increasing, many homeowners are considering catastrophe peril coverage as an add-on to help cushion the blow if a weather event damages their property. However, rates for these policies are also rising.

Auto insurance remains challenging, and policyholders can expect to see those rates rise 5% to 10% at renewal. Although supply-chain bottlenecks felt during the pandemic have eased, increased repair costs, elevated accident severity and high claims volume due to storm-related damage have driven up premiums.

These auto claims are also affecting personal umbrella coverage. Higher litigation expenses and settlements from auto accidents have resulted in elevated personal excess liability premiums in both the U.S. and Canada.

There is a silver lining in this storm: There will be rate relief for homeowners looking to purchase coverage for specialty transport such as motorcycles, recreational vehicles and watercraft. The sky-high demand for specialty vehicles and watercraft seen during the COVID-19 pandemic has declined, moderating insurance prices. Rates in this line will rise slightly but are expected to remain stable for at least the next year.

Creating an effective risk management strategy requires an understanding of fluctuations in the insurance market. HUB's Third-Quarter Rate Report provides detailed rate forecasts based on proprietary insurance premium data to help guide you through your 2024 insurance renewals.

# Manage your risk to improve attractiveness to insurers

The insurance marketplace is improving, but homeowners may see elevated rates in many lines of insurance at renewal. To reduce your total cost of risk, take the time now to implement these best practices:



## **Start renewals early.**

For a traditional renewal, plan to start the process 120 to 150 days out. Be sure to provide your broker with detailed information on any upgrades to property, recent acquisitions of property, vehicles, watercraft and valuables, or changes in your lifestyle, business or philanthropic activities. Arming your broker with this information will ensure your policies have adequate limits and prevent gaps in coverage.



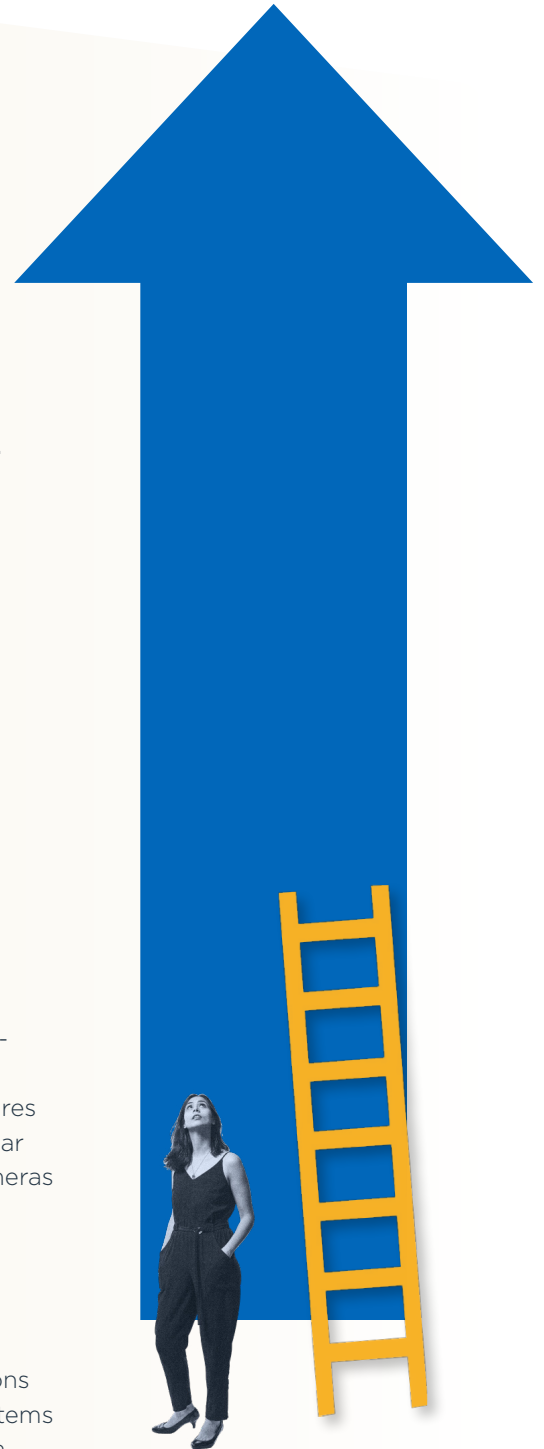
## **Assess your property exposure.**

Consider ways to improve the resiliency of your properties. A short-term investment can have a long-term positive impact on both property value and insurance premiums. Damage mitigation measures may include backup batteries to sump pumps, central station burglar and fire alarms, temperature and gas leak sensors and security cameras with motion-detection floodlights.



## **Be familiar with your regional risks.**

With weather-related events increasing in frequency and severity, homeowners need to evaluate their exposures. Properties in locations susceptible to wind damage should have double-strapped roof systems and impact-resistant windows. Those in wildfire-prone areas need a brush removal strategy and fire-resistant landscaping. And even if your properties are not located in flood zones, consider adding coverage to protect against such hazards as groundwater intrusion from summer storms.





**Protect income-producing personal assets.**

Be sure to notify your advisor if you ever rent out your vacation home, or perhaps have a son or daughter who uses a family car to earn some money as a ride share driver. Traditional homeowners and auto policies generally exclude coverage for bodily injury or property damage that occurs when a property or vehicle is being used for a business activity. Explore commercial policies for such investment properties or shared vehicles, and make sure exposures for properties held in trust by family members who use these online services are re-evaluated.



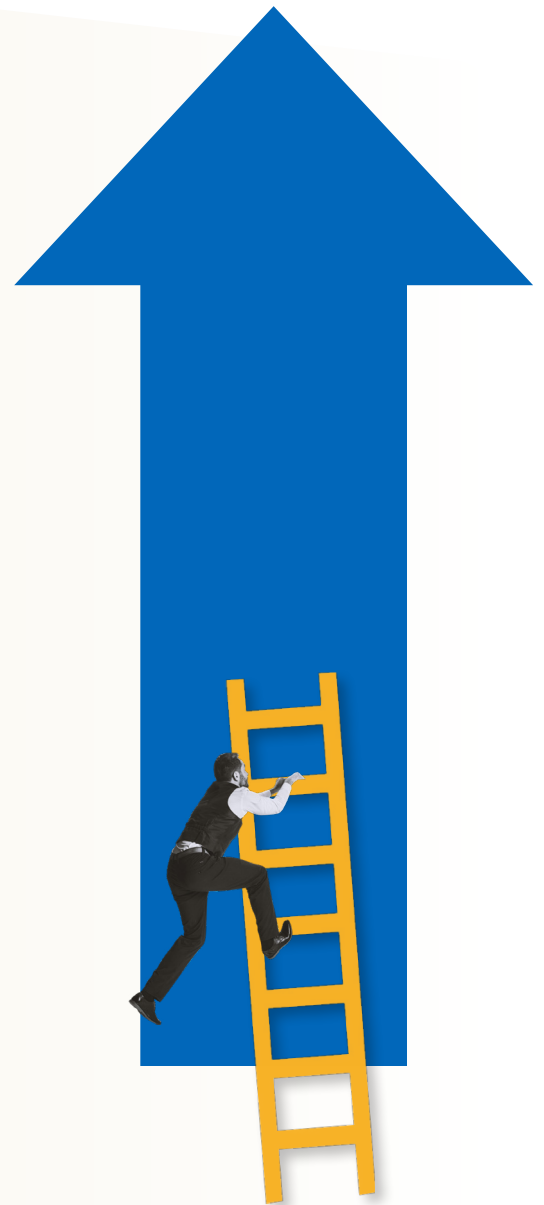
**Don't forget about cyber.**

Cyber insurance is becoming increasingly more affordable, but don't become complacent about cybersecurity. Ensure you have a comprehensive plan to protect your assets, your privacy and your reputation.



**Work in partnership with your broker.**

Always consult your insurance broker. It's essential to understand the risks involved and to leverage risk advisors' experience. Your broker can show you how to make your property more attractive to underwriters and find insurers that can provide coverage with the best possible terms and price.



# Private Client Rate Outlook — U.S.

HUB International analyzes proprietary national survey data and interviews insurance brokers and risk services consultants throughout North America each quarter to bring you our Third-Quarter 2023 Personal Lines Rate Report for the U.S.

Discuss your business exposures with your HUB insurance broker to understand what to expect in advance of your next renewal.

Coverage	2023 US Private Client Rate Outlook	Insights
<b>Automobile</b>	↑ 5% to 10%	<p>Vehicle repair and replacement costs have outpaced inflation, leading insurers to increase rate to keep up with the cost of higher payouts.</p> <p>The elevated frequency and severity of natural disasters, such as flooding and hail events in the first half of 2023, led to a higher number of auto claims payouts than in prior years. In addition, the increased severity of auto accidents continues to be a driver of higher insurance claim payouts for injuries to the parties involved, impacting rate.</p>
<b>Homeowners</b>	↑ 11% to 20%	<p>Inflation is moderating and the cost of materials, including lumber and steel, are falling 1% to 3%. However, labor costs remain high due to limited worker availability and extended repair or rebuilding timelines — increasing the cost insurance companies must pay for a homeowners' claim. These trends, along with more extreme weather events affecting properties around the country, will drive increases in homeowners' insurance rates.</p>
<b>Personal Umbrella</b>	↑ 5% to 10%	<p>Automobile claims continue to increase in both severity and frequency, forcing insurance companies to increase personal excess liability premiums to offset litigation expenses and settlement costs.</p>
<b>Catastrophic Perils</b>	↑ 20% or greater	<p>The cost of reinsurance for carriers insuring homes in California, Florida, Texas and the Gulf Coast continues to rise on average of 40% to 50%. Capacity has decreased, with some of the largest homeowners' insurers declining to write homeowners policies in certain states and locales. Homeowners in catastrophe-prone areas can expect to see substantial increases in premiums — a trend likely to continue into 2024.</p>
<b>Specialty (Motorcycle, RVs, Watercraft)</b>	↑ 5% to 10%	<p>Labor and replacement costs of specialty parts will continue to drive increased claim costs for the remainder of the year. This will be reflected with modest premium increases for motorcycles, RVs and recreational watercraft.</p>

**NOTE: Rate** is typically defined as the amount of money necessary to cover losses, expenses, and provide an insurance company with a profit for a unit of exposure. **Exposure** refers to a business' or individual's susceptibility to various risks encountered daily. Carriers evaluate the level of risk an insured faces in calculating insurance premiums.

## HUB Private Client

When you partner with us, you're at the center of a vast network of experts who will help you reach your goals. For more information on how to manage your insurance costs and reduce your risk, talk to a HUB Private Client risk advisor.

HUB by the  
Numbers

**\$37B+**

premium placed  
by HUB

**1.5M+**

clients

**3M+**

policies managed

**Be prepared.**

Talk to a HUB Private Client Advisor today.

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