
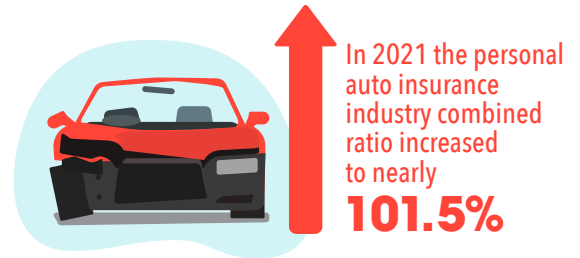


Factors Influencing Insurance Premiums Across the Industry

AUTO INSURANCE INDUSTRY PRESSURES

With the impact of inflation on vehicle repair and replacement costs, the personal auto insurance industry combined ratio (which illustrates the difference between claims and expenses paid and premiums collected by insurers) increased to nearly 101.5% in 2021 from 92.5% in 2020.¹



Global natural disasters in 2022 resulted in economic losses totaling **\$313 billion**



Global natural disasters in 2022 resulted in economic losses totaling \$313 billion. Half of those losses, totaling \$165 billion, occurred in the United States, including damage from Hurricane Ian and multiple severe storm outbreaks. The insurance sector covered \$132 billion of those losses worldwide and \$99 billion in the United States — marking 2022 as the fifth costliest year for insurers on record.²

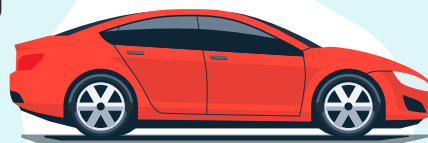
CONTRIBUTING FACTORS TO NATIONAL AUTO INSURANCE PREMIUM INCREASES



Travel rebounded in 2021 after a decrease during the pandemic and continues to increase, and premiums are returning to pre-pandemic levels.^{3, 4, 5}



New vehicle sales and inventory were down overall in 2022, and car prices were up.⁶



Auto repair and parts costs are up.⁷



Bodily injury claim severity is up.⁸



Healthcare spending and pricing has increased.^{9, 10}

With the Bristol West® Auto program, consumers can select coverage limits and options and take advantage of available discounts to help reduce the overall cost of a personal auto policy in the current insurance market.



BRISTOL WEST
A Farmers Insurance® Company



Proprietary. 9022334 02/23

¹III.org: <https://www.iii.org/insuranceindustryblog/2022/08/>; ²AON Regional Catastrophe Review: <https://www.aon.com/getmedia/f34ec133-3175-406c-9e0b-25cea768c5cf/20230125-weather-climate-catastrophe-insight.pdf>

³U.S. Department of Transportation Federal Highway Administration: <https://highways.dot.gov/newsroom/us-driving-last-year-was-lowest-two-decades-new-data-show>

⁴U.S. Department of Transportation Federal Highway Administration Traffic Volume Trends November 2022: https://www.fhwa.dot.gov/policyinformation/travel_monitoring/22novtvt/22novtvt.pdf

⁵III.org: <https://www.iii.org/insuranceindustryblog/heres-whats-happening-to-your-auto-insurance-costs/>; ⁶KellyBlueBook.com: <https://www.kbb.com/car-advice/when-will-car-prices-drop/#ink2>

⁷CCC Intelligent Solutions: <https://ccis.com/news-and-insights/insights/whats-ahead-for-vehicle-repair-total-oss-costs/>; ⁸LexisNexis® Risk Solutions: <https://risk.lexisnexis.com/insights-resources/white-paper/2021-auto-insurance-trends-report>

⁹U.S. Bureau of Labor Statistics: Consumer Price Index: 2022 in Review: <https://www.bls.gov/opub/ted/2023/consumer-price-index-2022-in-review.htm>

¹⁰Centers for Medicare & Medicaid Services: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NHE-Fact-Sheet>