

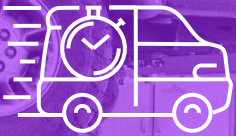
Fall 2022

Insurance Snapshot

Combating the Economic
Headwinds of 2022



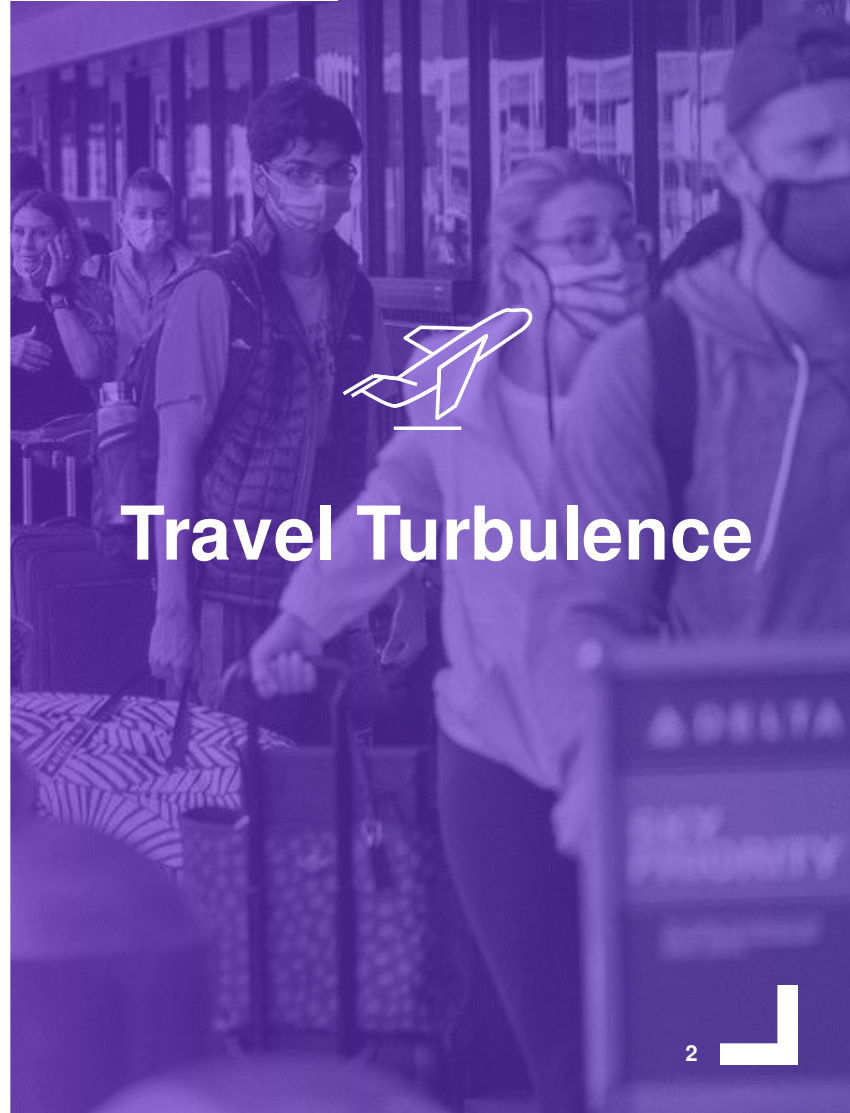
Among the plethora of economic headwinds in 2022, there are **three key factors impacting the Insurance Industry**



Supply Chain Shortage



Inflation & Interest



Travel Turbulence



Supply Chain Shortages

Supply chain issues have forced the price of goods & services to increase greatly this past year.

As prices rise, **insurance companies are forced to pay out higher claims**, and in turn, **raise rates and premiums**.

+\$30B

Estimated increase in the amount insurers had to pay to cover claims in 2021 due to rising prices¹

Price of motor vehicle parts and equipment rose **23%** this past year¹

6.3%

increase in Progressive Auto Insurance Rates from Feb 2021 - 2022¹

6.1%

increase in average P/C premiums in Q2 2022¹

Inflation & Interest Rates

Inflation

As consumers look to cut spending, they are shopping around for better policy rates.

There was a **3.6% increase** in quarterly **auto insurance policy switching** in Q2 2022.¹

With unavoidable increased premiums & rates, insurance brands are looking to focus heavily on loyalty to maintain customers.

54%

of consumers have pointed to **increases in price as their main reason to switch P&C insurance.**²



Rising Interest Rates

As inflation continues to disrupt the economy, the Federal Reserve increases interest rates to encourage consumer saving.

Each of these factors impacts consumers day-to-day lives as well as the ways in which they engage with insurance brands.



Rising interest rates adversely impact home ownership as higher mortgage rates deter sales and impact home values



Higher rates on auto loans adversely impact both new and used auto sales



Rising interest rates positively impact insurers investment portfolios given higher yields on debt investments



This is quite positive, as rate hikes mean profitability will increase on the asset side because we are mostly invested in bonds,

- Ludovic Subran, Allianz SE



Travel Issues



Recognizing the opportunity of the recent travel surge, many insurers have expanded their coverage to meet new consumer demands and capitalize on the **increased popularity of travel insurance**.

Travel staffing shortages and other issues have led to a significant increase in travel insurance related claims as well.

2x

Zurich Insurance Group has said a lack of flights has **doubled the cost of claims**¹

Travel insurance's popularity has grown substantially these past years and **there are no signs of slow down.**

14.6%

Predicted CAGR
2022-2023²



Given recent travel difficulties, travel insurance has become a necessity

61% of travelers experienced delays or cancellations in the Summer of 2022¹

38% of travelers had their luggage damaged and **11% had it lost**¹



Increased use of travel insurance is great for insurers, unfortunately it is being followed by increasing (and more expensive) claims



Operational challenges by travel suppliers have led to increased claims for travel delays and baggage issues

- Allianz Partners Spokesman¹

For More Information On Insurance Industry Trends And Strategic Media Recommendations, Please Use The Below Link

