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NEWSALERT

Evolving Trend

California Auto Insurance Market Grows Strained

A CONFLUENCE of events is roiling the California auto insurance market, which is seeing rates climbing fast as claims costs skyrocket and more insurers opting to leave the market, leaving fewer choices for policyholders.

The main issues facing insurers in California are the rising cost of wildfire claims both for homes and vehicles, and trouble getting the Department of Insurance to approve their rate increases. Other factors that are hitting auto insurers around the country include rapidly rising repair and auto parts costs, natural disasters, supply chain disruptions and more serious accidents.

The Insurance Department froze new auto insurance rate hikes when the pandemic started in 2020 because accidents dropped dramatically during COVID-19 lockdowns and through the slow economic activity that lasted into 2021. It has only recently started approving rate increases of 6.9% for Allstate, Progressive, GEICO, Mercury and State Farm, as well as many other insurers that are not household names.

What's causing rate hikes

Higher repair costs – The average price of auto parts and equipment has risen 70% in the past 20 years due to inflation and supply chain disruptions from the pandemic and the Ukraine-Russia war, according to the Bureau of Labor Statistics.

A shortage of skilled mechanics has also driven up repair costs. As well, newer cars cost more to repair due to their increasingly sophisticated and expensive technology.

Natural disasters – Natural catastrophes like hurricanes, wildfires and floods are increasing both in number and scope.

More serious accidents – While car accidents are decreasing in number, per accident costs (property and personal injury) are rising at an annualized rate of 4%, according to a report

by the Insurance Research Council. Also, from 2018 to 2022, the number of fatal accidents in the United States increased by more than 16% to 42,795.

What you can do

There are a few steps you can take that may affect your premium:

Tap insurer discounts – Many insurers will offer premium discounts for:

- Paying premium via automatic payments.
- Maintaining good grades.
- Safe driving habits.
- Hybrid or electric vehicles.
- Anti-theft and safety features.

Bundling – Insurers will often offer discounts to customers who bundle policies, like auto and homeowner's or renters, as well as umbrella.

Raise your deductible – If you raise your deductible, the premium you pay will decrease. But be careful, the higher you raise it, the more "skin in the game" you have if you have an accident. Remember, the deductible is what you will pay after an accident or theft before your insurance company steps in to cover the rest. ❖

WHAT'S BEHIND HIGHER AUTO INSURANCE RATES

Here are some of the factors that may affect premiums moving forward.

1. 16 separate \$1B+ loss events from weather in 2022.



2. Repair costs up 15% between 2021 and 2022.

3. Supply chain issues triggering shortage of vehicle parts.



5. Mechanics are in short supply and wages are increasing.



4. Increase in severity of auto accidents; number of fatal car crashes up 18% since 2020.



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Protecting Your Family

Remind Your Kids About School Bus Safety

SCHOOL BUSES are back on the roads, shuttling millions of American children on round trips morning and afternoon.

While school buses are safer than personal vehicles for transporting kids to school, children are more at risk when approaching or leaving a school bus or waiting at the bus stop. To ensure your kids take precautions and avoid dangerous behaviors it's important that you teach them school bus safety.

The following are tips from the National Highway Safety and Transportation Board and the nonprofit Safe Kids Worldwide:

Before the bus arrives

- They should arrive at the bus stop at least five minutes before the bus arrives.
- They should always walk to the bus stop, not run.
- They should walk on the sidewalk, or if there is none, on the left side of the road facing oncoming traffic.
- Wait for the bus at least 10 feet — five giant steps — away from the curb.

Boarding and exiting

Before entering the school bus, your child should:

- Wait until the bus comes to a complete stop,
- The door opens, and
- The driver says it's okay to get on or off.

When entering and exiting the bus, younger children should use the handrails. They should also ensure that straps and drawstrings from jackets or backpacks don't get caught in the door.

It's important that your child never walks behind the bus.

On the bus

- They should stay in their seat when the bus is moving
- They should not hang out the windows or throw things.
- They shouldn't shout or act boisterously.

After exiting

If your child needs to cross the street:

- After exiting the bus, they should take five giant steps up the sidewalk so the driver can see them.
- They should make eye contact with the driver, and cross the street when the driver indicates it's safe to do so.
- Even though the driver has given them the go-ahead, teach your kids to look left, right and left again and cross when the road is clear, or when other cars have stopped. ❖

DRIVING NEAR SCHOOL BUSES

When driving near a school bus be alert for:

- **Children** – If you see a school bus, either moving or pulled over, stay alert for children who may be trying to get to or from the bus.
- **Yellow flashing lights** – These indicate the bus is preparing to stop to load or unload children. You should slow down and prepare to stop your vehicle.
- **Red flashing lights and extended stop-arms** – These indicate the bus has stopped and children are getting on or off. You must stop your car and wait until the red lights stop flashing, the extended stop-arm is withdrawn, and the bus begins moving, before you can start driving again.

Motorcycles Are Allowed to Lane-Split; Use Caution

THE CALIFORNIA Highway Patrol has issued a reminder to motorists that state law has allowed lane-splitting by motorcycles since January 2017.

The CHP issued the alert after receiving a number of reports of motorists interfering with motorcyclists who drive between vehicles, which can endanger the lives of the riders.

Lane-splitting is when a motorcycle drives in the space between traffic lanes on public roads and freeways. The law authorized the CHP to issue safety tips about the practice.

The CHP noted that lane-splitting can be dangerous and both motorcyclists and drivers should exercise extreme caution.

Its tip sheet also points out that every rider has the ultimate responsibility for their own decision-making and safety.

California decided to make lane-splitting legal after numerous studies showed that splitting lanes is safer than not splitting when done intelligently, largely because it reduces the chances of a motorcycle rider being hit from behind while stopped in freeway traffic. Most lane-splitting is done during bumper-to-bumper traffic when vehicles are crawling along or at a standstill.

TIPS FOR CAR AND TRUCK DRIVERS

- Intentionally blocking or impeding a lane-splitting motorcyclist in a way that could cause harm to the rider is illegal. This includes opening a vehicle door or squeezing the gap by moving your vehicle closer to the lane markers.
- Drivers in the far-left lane should move to the left of their lane to give motorcyclists ample room to pass.

TIPS FOR MOTORCYCLISTS

- Consider the total environment when you are lane-splitting. This includes the width of lanes, the size of surrounding vehicles, as well as current roadway, weather and lighting conditions.
- Danger increases at higher speed differentials. A speed differential is the difference between the speed of the motorcyclist and that of nearby vehicles.
- Danger increases as overall speed increases.
- It is typically safer to split between the far-left lanes than between the other lanes of traffic.
- Avoid lane-splitting next to large vehicles (big rigs, buses, motorhomes, etc.).
- Riding on the shoulder is illegal; it is not considered lane-splitting.
- Be visible. Avoid remaining in the blind spots of other vehicles or lingering between vehicles.
- Help drivers see you by wearing brightly colored/reflective protective gear and using high beams during daylight.

Finally, the CHP advises drivers and motorcyclists alike to help keep themselves and all road users safe by following this advice:

- Check mirrors and blind spots, especially before changing lanes or turning.
- Signal intentions before changing lanes or merging with traffic.
- Be alert and anticipate possible movements by other drivers.
- Never ride/drive while impaired by drugs, alcohol or fatigue.
- Be courteous and share the road. ❖



File Your Claims Promptly or Risk Coverage Denial

IF YOUR home has been damaged by a natural disaster, a fire or a long-term effect like mold growth, you would naturally file a claim with your homeowner's insurance company.

But what if you don't contact the company right away? Would the insurer still pay if you filed a claim six months after an event?

The rules

While policies vary, they generally state that if you do not report your claim in a timely manner, it may be denied. Some insurers may have a limit of just 30 days to file a claim, but others allow up to a year after an incident.

Many insurance policies may not include an exact time frame, but instead require you to provide "prompt" or "immediate" written notice to your insurance company or agent if you suffer a loss.

The amount of time you have to file will be stated in your policy language. Read the policy and understand your responsibilities when filing a claim. If you are unsure about something, call us.

It's best to file your claim immediately after you know it's happened.

If you have extenuating circumstances, you can ask the insurance company for an extension, such as after a major catastrophe when you haven't been able to reach your home to assess the damage.

Insurers require prompt notification because the original damage can be exacerbated by the elements or other issues if left unattended after the initial damage.

The closer the time between the event and when you file the claim, the easier it is to prove the damage was the result of this covered event and not caused by some secondary issue that does not fall under the scope of coverage.

The insurer can claim you were negligent in not filing the claim in a timely manner, which resulted in the initial damage increasing due to exposure to the elements and other issues.

If the claims adjuster finds that the damage to your home could have been prevented by filing a claim more quickly, you may be held financially responsible for the repairs.

The slow drip or unseen damage

Sometimes you may be unaware of damage because it takes a long time to develop or you don't see the damage (like a hole in your roof that was caused by a falling tree limb during a storm).

If you were away when the incident occurred and the damage is on the back side of your home, you may not see it for months.

And maybe you only realize there is a problem a few months later when another storm sends water pouring in through the roof, damaging the walls and floors of your home.

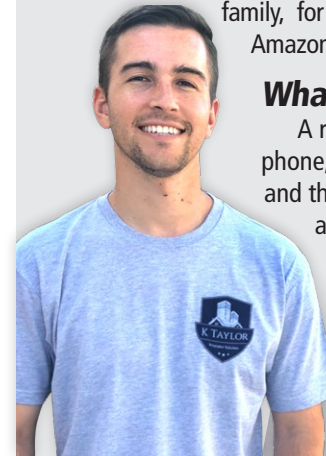
In instances like this your insurance company could deny your claim, saying the damage to your floor was caused by you not fixing the initial damage.

One of the most common types of claim that may be delayed is water-damage claims.

In these instances, a sudden event that causes damage is usually covered by insurance, but not one that has caused damage over time.

THE K TAYLOR INSURANCE SOLUTIONS "THANK YOU" REFERRAL PROGRAM

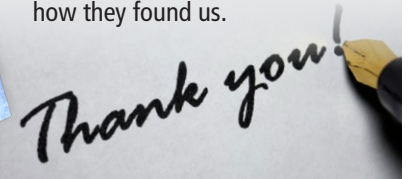
Your referrals mean the world to us. We work hard to earn each referral with great service and appreciation for your business every day. As a way of saying thank you to clients that refer friends and family, for each referral you will receive a \$20 Amazon gift card.



What qualifies as a referral?

A referral is when we are contacted by phone, e-mail or social media for a quote and that friend or family member becomes a client of K Taylor Insurance Solutions.

Don't worry, we ask every caller how they found us.



Types of water damage your policy would likely cover:

- Sudden or accidental discharge
- Sewer back-up or water back-up
- Overflow
- Storm-related water damage covered by insurance.

That said, gradual water damage is not often covered, so although your policy might have water-damage coverages, if the reason for the damage is not sudden and accidental, then you may be denied in a claim.

Gradual-damage claims that would likely be denied include holes in the roof due to neglect in replacing broken shingles, and long-standing pipe leaks that damage your walls and floor.

Another claim that you could encounter that raises the question of timeliness is a developing crack in the garage floor. You may have walked past a crack for months, for example, before you notice it. In this case, you might be able to argue that the date of loss was when you first saw something was wrong. ❖

