



Continuing Trend

Auto Insurers Keep Up Double-Digit Rate Hikes

PERSONAL AUTO insurance rates continued climbing last year with all of the country's largest car insurance carriers raising rates by 15% or more from 2022 levels, according to a new report.

The rate hikes continue as car insurers face mounting claims costs due to increasing repair and replacement costs as well as more destructive natural disasters, among other factors. Many of the nation's largest insurers have been bleeding red ink due to losses in their homeowner's and auto insurance books of business.

As a result, they have been raising their rates significantly. The last two years, 2022 and 2023, have seen heavy rate hikes after insurers kept pricing steady between 2018 and 2021.

More expensive cars – The average price of a new car in October 2023 was \$47,936, compared to \$38,000 in October 2018. The prices of cars escalated rapidly in 2021 and 2022 due to supply chain shortages that hampered vehicle production worldwide.

Roads are becoming deadlier – From 2019 to 2022, the number of deadly accidents in the United States increased nearly 18% – from 36,355 fatal car crashes in 2019 to 42,795 in 2022.

More car thefts – Motor vehicle thefts increased by 29% in 2023 from 2022, meaning an additional 56,843 thefts took place last year, according to the Council on Criminal Justice. Since 2019, motor vehicle thefts have shot up 105%, reversing a decades-long decline.

TOP 10 INSURERS' CUMULATIVE RATE HIKES

Cumulative rate hikes in 2022 and 2023 as compared with rates in 2021:

- | | |
|----------------------|----------------------------|
| • State Farm: 27.5% | • Liberty Mutual: 31.1% |
| • Progressive: 22.8% | • Farmers Insurance: 34.7% |
| • GEICO: 29.1% | • Travelers: 24.4% |
| • Allstate: 30% | • American Family: 26.0% |
| • USAA: 26.5% | • Nationwide: 27.8% |

Source: S&P Global Market Intelligence's RateWatch app

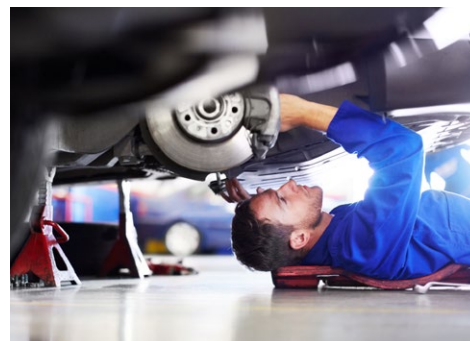
Rate drivers

Insurers are raising rates to account for a number of factors:

Repair costs – The cost of car maintenance and repair jumped 10.7% in 2023, according to the consumer price index. That's on top of even steeper increases in the prior two years. A number of factors are to blame:

- Higher cost of auto parts.
- Higher repair shop labor costs.
- Newer cars with lots of tech cost more to repair.

Natural disasters – In 2023, there were 28 natural disasters that each caused more than \$1 billion in losses in the U.S., the most ever.



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Protecting the people and property that matter most to you.

Who Is Liable When a Tree Falls onto a Neighbor's Property?



TREES PROVIDE shade and complement landscaping, but they can also cause major disputes with neighbors when they fall over.

A tree may topple over if it is not properly maintained, it's diseased or a storm knocks it down. When a tree falls over onto a neighbor's property, a homeowner is often left to wonder if they are liable. Most people assume that they are since it is their tree. However, this is not always true.

When your neighbor's insurance pays

If your neighbor's home or car is damaged by a healthy tree in your yard, then they should file a claim with their insurance company.

If you want to be a good neighbor, you could offer to pay your neighbor's deductible.

When it's your liability

There are instances where you as a homeowner could be held liable. If a tree fell on your neighbor's home when you were trying to cut it down without professional help, the damage would be your responsibility.

Also, if the tree was dying, unstable or diseased, you could be liable if it falls over and damages your neighbor's home.

Even if your neighbor files a claim with their insurer, the carrier may come after your insurer if it deems you were negligent in caring for your tree. This process is called subrogation.

If your neighbor's insurer is successful in the subrogation process, they may be reimbursed for the deductible paid for the claim.

Some homeowner's insurance policies acknowledge coverage for claims only if no negligence was involved; others will cover claims regardless of whether the policyholder has been negligent. Some policies cover only certain kinds of damage (damage to physical structures, for example, but not to the land around them).

Read your policy carefully, then check with us.

Most falls are due to storms

Most cases involve trees falling over due to storms or acts of nature, so many homeowners whose trees topple over do not have to worry about their insurers footing the bill.

Also, they don't have to worry about premium increases if they are not found liable for the damage. In some cases, neighbors may still try to sue to recover their deductibles.

The best way to avoid this scenario is to prevent it in the first place.

You should check your trees regularly and have them inspected at the first sign of disease or any health issues. You should also trim back branches that grow over the fence line.

A professional arborist can assess the tree to see if it needs any special treatments, pruning or complete removal.

This may seem like an unnecessary expense, but it is much less expensive than the potential cost of paying for a neighbor's home being damaged and the legal costs that ensue.

For those who plan to stay in their homes for any length of time, it is best to try to keep the peace with neighbors, so this is also a good way to prevent quarrels or ongoing problems.

If you have concerns about the potential for tree damage to your home or that of a neighbor, and whether your policy would cover the damage, give us a call. ❖

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Bundling Homeowner's and Auto Policies Can Yield Discounts

OPTIONS FOR REDUCING YOUR PREMIUM

There are steps you can take that can tamp down your rates:

- **Bundle policies.** Most insurers offer discounts if you bundle multiple policies, such as auto, home and umbrella insurance.
- **Maintain a clean driving record.** Drivers without a history of accidents and tickets are often rewarded with lower premiums.
- **Raise your deductible.** A higher deductible means a lower premium, but it also means you will pay more out of pocket if you have to file a claim.
- **Choose a cheaper car.** If you are in the market for a new car, you

should contact us to discuss the insurance. Lower-priced vehicles and smaller cars cost much less to insure compared to higher-end models with all the bells and whistles.

Whatever you do, don't reduce your coverage to the minimum level that your state requires. The minimum levels are not enough to cover the costs if you are at fault in an accident that destroys a BMW 7 Series or severely injures other people. ❖

Underinsuring Liability and Overinsuring Assets

IF YOU ARE accumulating wealth quickly and live the comfortable life with a large house, luxury car and other expensive assets, you've no doubt already insured all of those belongings.

But while most high-net-worth individuals have their possessions properly covered, they often overlook their largest risk: Liability. In fact, they often overinsure against minor threats and underinsure for major ones.

Many people will carry low minimums on their auto and homeowner's policies, which leaves them exposed to any liability lawsuits that may surface. If the maximum payout on your homeowner's or car insurance is less than the attachment point of your umbrella policy, you could be left having to cover the gap between the two.

Look at it this way: If you wreck your Porsche it won't imperil you financially. But if you also maim or kill someone in the process of wrecking the car, your wealth could be put in jeopardy without the proper protection.

That's why it's of the utmost importance that you carry the proper liability coverage limits on your auto and homeowner's policies, so that you don't have a gap that can leave your personal assets and funds exposed.

Further, if you are a public figure or sit on any boards of directors or do charity work, you may want to consider increasing your limits and supplementing your coverage with an umbrella insurance policy to insure against any lawsuits stemming from decisions you may make in those capacities. Below are some scenarios and repercussions.

Umbrella shortfall

You're involved in a car accident that leaves the occupant of the other car in serious condition, and she will need extensive operations and likely years of physical therapy.

You've insured your car with a liability limit of \$300,000 and you have an umbrella policy with a \$1 million limit.

That umbrella limit is not nearly enough to cover the bills for this injured individual, whose care costs will likely surpass \$3 million easily in the next four years.

That would leave you \$2 million out of pocket.

Board liability

You sit on the board of a local non-profit and volunteer your time on the board without remuneration.

A former vendor sues the entire board for breach of contract after it had voted to terminate their contract. The matter is brought to trial and a judge orders that all board members personally pay \$100,000 each for their actions.

If you don't have a personal umbrella policy, you'd be on the hook and out of pocket for the entire amount.

Party foul

You have a Super Bowl party at your house and about 20 guests, one of whom slips on some spilled wine on your deck and throws out his back and can't work for three months.

He sues you for negligence and the homeowner's insurer negotiates a settlement of \$250,000. Your policy has a \$100,000 liability limit, but your umbrella policy doesn't kick in until \$300,000. That leaves you paying \$150,000 out of pocket.

The takeaway

Unfortunately, if you have money, you might as well be walking around with a target on your back. In our litigious society one misstep or mistake can result in an expensive lawsuit and, if it goes to trial, the costs escalate tremendously and your fate rests in the hands of a jury or judge.

Talk to us about a policy that would be right for you. Excess liability policies for high-net-worth individuals will often include the costs of unlimited legal defense and legal counsel. ❖



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20 Passwords Hackers Can Crack Blindfolded

IF ONE OF your online accounts is hacked, especially a financial one, you could see your bank accounts drained and your identity stolen.

Digging yourself out of that hole could set you back for years and haunt you for more than a decade. Once someone has stolen your identity, they can apply for new credit lines and destroy your credit. Bill-collectors for liabilities they incurred can plague you for years.

There are usually two ways hackers will access your accounts:

- By duping you into clicking on a malicious link that will expose your password, or
- By guessing your password.

Sadly, many people make that easy for them by picking easy-to-hack passwords. If you want to protect your accounts and your finances, there are some passwords you simply should avoid.

Safetydetective.com, an antivirus website, looked at more than 9 million stolen passwords in the U.S., resulting in this list of the most commonly hacked ones:

DO NOT USE THESE PASSWORDS

- | | |
|---------------|-----------------|
| 1. PASSWORD | 11. 1QWERTYUIOP |
| 2. 123456 | 12. 1Q2W3E4R |
| 3. 123456789 | 13. 1QAZ2WSX |
| 4. 12345678 | 14. SUPERMAN |
| 5. 1234567 | 15. ILOVEYOU |
| 6. PASSWORD1 | 16. QWERTY1 |
| 7. 12345 | 17. QWERTY |
| 8. 1234567890 | 18. 123456R |
| 9. 1234 | 19. LETMEIN |
| 10. QWERTY123 | 20. FOOTBALL |

The takeaway

Safetydetective.com recommends that you set passwords that are at least eight characters long.

Other best practices include:

- Never reveal your passwords to others.
- Use different passwords for different accounts.
- Use multi-factor authentication (like a confirmation text to your phone).
- Use at least 16 characters whenever possible for passwords.
- Use passwords that contain at least one punctuation mark or other special character.
For example: uSo38&_Xv3!0@
- Change your passwords every 90 days. ❖