



WHY DO INSURANCE RATES INCREASE & HOW CAN YOU SAVE?

With car and home insurance rates on the rise across the country, it's important to realize there are many elements that contribute to these increases. Whether you're purchasing a new policy or renewing an existing one, these insights will help you understand how your rates are calculated. You can also find more information on how to better manage your insurance costs at economical.com/rates.



TOP REASONS FOR HOME INSURANCE RATE INCREASES

EXTREME WEATHER EVENTS AND CATASTROPHES ARE MORE FREQUENT

As forest fires, floods, storms, and other weather events become more frequent, they cause extensive damage, resulting in more costly claims.

MUNICIPAL INFRASTRUCTURE IS GETTING OLDER

Outdated municipal infrastructure and a higher demand for water make sewer backups more frequent, resulting in more damage-related claims.

NEIGHBOURHOOD TRENDS MIGHT PUT YOU AT GREATER RISK

When neighbourhoods grow, demographics and risks change. For example, if there is a new commercial development near your home, or if a new subdivision emerges, this might alter municipal infrastructure. These are factors insurers look at when assessing risk.

EMERGENCY SERVICES, SKILLED TRADES, AND PERSONAL BELONGINGS ARE MORE EXPENSIVE

As with any goods or services, inflation means higher prices for things like emergency services and labour costs for repairs. That means paying for claims is more expensive, too.

SOME NEW FEATURES ARE ECO-FRIENDLY, BUT NOT BUDGET-FRIENDLY

Eco-friendly features like solar panels, energy-efficient windows and doors, and high-efficiency appliances are a great choice for our environment. It is important to realize that if damaged, they could result in more expensive repairs.

MODERN HOMES COST MORE

Rising home prices and more homes with high-end features (like pools and hot tubs) drive up replacement costs and liability claims.

FINISHED BASEMENTS NEED MORE COVERAGE

Since they're made with higher-priced building materials, finished basements cost more to repair if there's a sewer backup or other damage.



TOP REASONS FOR CAR INSURANCE RATE INCREASES

FRAUDULENT CLAIMS ARE INCREASINGLY COMMON

Fraudsters who stage accidents to make money contribute to the rising cost of insurance across the country. In Ontario, the Insurance Bureau of Canada reports that fraud costs an estimated \$1.6 billion per year (\$236 per driver).

DISTRACTED DRIVING IS ON THE RISE

Distracted driving now outpaces drunk driving as a leading cause of accidents and deaths on the roads. Premiums are increasing to offset the costs of these claims.

TRENDS MIGHT SHOW YOUR AREA AS A HIGHER RISK FOR COLLISIONS, THEFT, OR OTHER INCIDENTS

Your premiums could increase if analytics show your area has become more prone to risks (like extra traffic congestion or extreme weather events that lead to collisions, for example).

MEDICAL SERVICES ARE MORE EXPENSIVE

It's not just physical repairs that can cause premiums to rise. Accident victims usually need medical services like physiotherapy to recover, which cost more every year.

AUTONOMOUS FEATURES MEAN SAFETY, NOT ALWAYS SAVINGS

Newer vehicles now offer a wide range of autonomous capabilities like adaptive cruise control and park assist to keep you and your passengers safe. The flip side? They also use complex computers and sensors that cost more to repair.

WINDSHIELDS NOW HAVE BUILT-IN TECHNOLOGY

New advanced driver assistance systems make windshields more expensive to replace. Recalibrating a car's computer system following a windshield replacement also adds to labour costs.

FRONT AND REAR BUMPER SENSORS ARE PRICEY

Even a tiny fender bender can require a bumper replacement, and many repairs require the car's computer system to be recalibrated for the sensors to work. Those extra labour costs can really add up.



HOW TO SAVE ON CAR AND HOME INSURANCE

Despite rising costs, there are still easy ways to save more on your insurance. Be sure to ask your broker about the saving methods listed below, plus many more that are available to you!

- Higher deductible
- Conviction/claims-free discount
- Group discount
- Renewal discount
- Multi-policy discount



For more detailed information on rising costs, discounts, and ways to save, visit economical.com/rates.