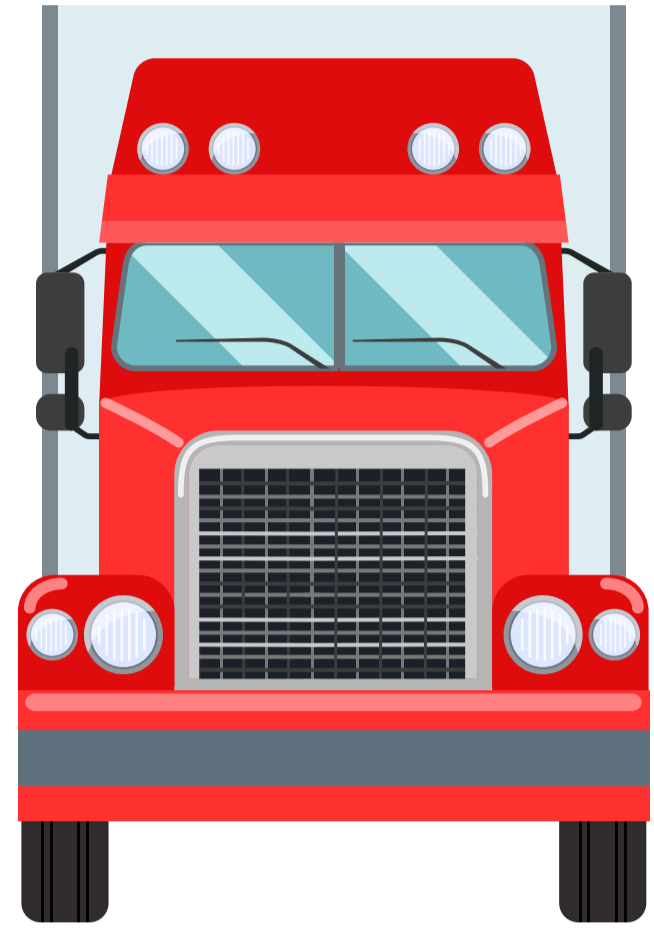




4 TRENDS DRIVING UP INDUSTRY AUTO RATES

SUPPLY & DEMAND

- ▼ **Supply of new vehicles is low**
Shortage of chips and raw materials is lowering production of new vehicles¹.
- ▲ **Demand for used vehicles is high**
Rising prices are impacting total loss payouts.



13% decline in new auto sales in Q3 '21 vs. prior year and a **22.7% decline** vs. Q2 '21²

50% rise in used car prices in 10/21 vs. Q1 '20³ and **57% rise in Class 8 heavy truck prices** in 9/21 vs 9/20⁴

PARTS & TECHNOLOGY

- ▼ **Global supply of auto parts is down**
Prices are rising and repair cycles are longer.
- ▲ **Cost to repair vehicles is up**
More advanced auto technology is a big factor.

6% rise in average cost per part⁵

Auto rentals in '21 nearly **3 days longer** vs. '20⁶



LABOR SHORTAGES & COSTS

- ▼ **Number of skilled auto technicians is decreasing**
It's more difficult to recruit, train and retain talent.
- ▲ **Auto body repair costs are increasing**
Skilled labor shortage is raising repair costs.

LARGE VERDICTS & HEALTHCARE

- ▲ **Bodily injury claim costs are on the rise**
Big jury awards and higher healthcare costs are key drivers.



Increased attorney involvement plus **changing societal mindsets** are contributing factors

~7% increase in treatment costs in '21 on top of a **6% rise** in '20⁷

Contact your Travelers representative for more information.

¹ TechMonitor, Sept 3 2021
² National Automobile Dealers Association, October 13, 2021
³ U.S. Bureau of Labor Statistics and Manheim Consulting
⁴ ACT Research/Transportation Topics News, October 27, 2021
⁵ CCC Intelligent Solutions
⁶ Collision Week, October 15, 2021
⁷ Statista 2021

