









WHY ARE MY INSURANCE COSTS GOING UP?

A simple question, but not a simple answer. While loss frequency (# of claims/accidents) has flattened, loss costs (the cost to settle claims) have climbed significantly rising from 8% to 12% per year, with one large carrier citing a 16% annual increase in their 2024 California rate filing. 82% of the total claims filed in California are litigated (lawsuits filed).

Here's why your insurance premiums are rising:

-  • **Vehicle Repairs:** Advanced vehicle technology, sensors and cameras, have increased repair costs. Inflation has further driven up labor rates and the price of replacement components.
-  • **Attorney Involvement:** Ranges anywhere from 85-90% on all injury claims. When they become involved, claim costs rise steeply. Exaggerated injury claims from minor accidents and insurance fraud also contribute to rising premiums. *One prominent Los Angeles law firm bragged they had \$213.9MM in paid settlements in Q1 2025!*
-  • **Medical Inflation:** Intentionally inflated healthcare costs are driving up injury claim payouts. It has been estimated that 35-42% of claimed medical costs for auto accident-related injuries are excessive. That represents \$4 billion in added medical costs. This is estimated to cost consumers \$13-\$18 billion more in insurance premiums annually.
-  • **Litigation Funding:** Companies financing plaintiff lawsuits for a share of settlements further escalate claim costs. This has become commonplace in an era of “social” inflation and “nuclear” verdicts.
-  • **Claim costs:** The average value of an Auto Liability – Bodily Injury Claim has gone from \$100,000 in 2018 to \$200,000 in 2022 and projected to reach \$275,000 by the end of 2025.
-  • **Late and unreported claims:** These delay National Claims Management and their ability to investigate losses, reconstruct accidents and defend you, resulting in increased claims costs.

So, what can you do?



1. **Report ALL accidents/incidents immediately**, even minor ones and regardless of perceived fault.
2. **Collect key information** from all involved parties (names, contact details, etc.).
3. **Invest in a dash camera** to be your witness and help guard against disputed responsibility for claims.
4. **Educate drivers** on safety, invest in training, or consider a safety incentive program. Consider looking into ongoing training programs such as Luma Learning with whom we have partnered.



Learn more about Luma Learning: <https://bell-uw.com/luma/>

This is an uphill battle, but your efforts make a huge difference. Thank you for all you do!