Increasing Auto Insurance Rates Drive More Price Shopping, an Opportunity For Agents

The Leads Ware House

Description

By James Schulze

This article discusses the significant increase in auto insurance rates, factors that are driving this spike, and the likelihood these rates will continue. It also provides insights on how click-to-call leads can help agents capture greater market share in this price shopping environment.

In the past year, more automobile owners have experienced sticker shock when buying auto insurance. U.S. Consumer Price Index data for June showed that motor vehicle insurance rates increased by a stifling 19.54% over the last 12 months.

What has driven the nearly 20% increase in auto insurance rates

So why have auto insurance rates increased so dramatically? There are likely several reasons, including:

- **Auto insurance rates are just following historical trends**

For several years now, auto insurance rates have cycled through periods of low rates followed by high rates. When rates are lowered, insurance carriers will eventually suffer underwriting losses. They will then raise insurance rates to once again realize greater, sustainable profitability. And the cycle goes on and on. In 2022 and early 2023, insurance companies suffered significant losses. The recent rate hikes over the last 12 months are simply an adjustment by insurers to bring profitability levels back in line with expectations.

- **Distracted driving is on the rise, leading to more motor vehicle accidents**

Americans, now more than ever, are distracted while driving. Whether they are eating, texting, talking on the phone or to passengers, trying to find a song on their playlist, getting directions, or doing last-minute touch-ups to their appearance, all of these behaviors increase the risk of being in a motor vehicle accident. More accidents equate to higher premiums.

- **Shortages of auto parts and cars following the pandemic**

The auto industryâ??s supply chain was negatively impacted by the pandemic. It was difficult to obtain most auto parts, from computer chips to catalytic converters. Cars were also in short supply. These shortages drove up the price of both new and used vehicles. This in turn increased auto insurance premiums, which consider the value of a vehicle in calculating rates.

- **Newer vehicles are more costly to repair**

Newer vehicles are much more sophisticated in design than earlier models. Often a repair on a newer vehicle will require changing out a larger, integrated section of the vehicle, whereas older models may have only required replacing a small part. This has increased repair costs, ultimately making it necessary for insurers to raise premiums to cover these costs.

Will higher insurance rates continue in the near future?

Rick Gorvett, a professor at Bryant University and a Fellow of the Casualty Actuarial Society, predicts that insurance rates will begin to stabilize in the coming months. It is believed that insurance rates have reached a sustainable level. Ten years ago, auto insurance rates were increasing approximately 6% to 7% per year. The annual growth in rates decreased before and during the pandemic, then escalated dramatically in the last two years. Todayâ??s rates are at the same level they would have been if there had been a steady 6% to 7% per year increase since 2017. In short, it looks like auto insurance rates will likely continue as they are for a while.

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How agents can grow their auto insurance business in this environment

In a period of high auto insurance rates, more consumers will price shop. While that may seem like bad news for insurance agents looking to retain their current clients, it also presents a strong opportunity to *add* to their client base. The most effective way to grow your business in this environment is to quickly understand which consumers are interested in making changes to their auto insurance plan. Enter click-to-call leads.

What are click-to-call auto insurance leads?

Click-to-call leads originate when a consumer searches online yellow page listings for auto insurance. Upon seeing an ad for auto insurance, they *click* to speak directly with a representative about auto insurance. This call comes into our call center, where consumers are further qualified. Qualified prospects are then routed to your sales team to close. Calls are tracked through a call routing app and a buffer is provided.

Benefits of choosing click-to-call auto insurance leads

There are many benefits to adding our click-to-call leads to your marketing efforts:

- **Customer initiated** â?? These are inbound calls, which have the highest level of compliance.
- **Cost effective** â?? Our click-to-call leads reach the most consumers at the lowest price per click, so we can keep your cost per acquisition (CPA) down.
- **Ability to target your efforts** â?? You can get the exact type of consumers you want in the transfer process. Click-to-call leads can be sorted and sold by driver type:

    - Premium drivers (e.g., no tickets, no DUIs, are currently insured)
    - Young drivers
    - Uninsured drivers
    - Drivers with accidents, DUIs, multiple tickets
- **Branding flexibility** â?? Listings can be branded by insurance carriers or can be â??blind.â?•
- **Scripting transparency** â?? Transfer agent scripting is available for transparency.
- **Availability** â?? Click-to-calls are available six days per week.
- **Bilingual** â?? Calls are available in both English and Spanish.
- **Targeted geography** â?? Click-to-calls can be provided for the specific full state geographies in your target market.

Get started on growing your auto insurance sales with click-to-call leads

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If you would like more information on how you can grow your auto insurance sales in this environment, give The Leads Warehouse a call at **1-800-884-8371** or visit our website at https://theleadswarehouse.com.

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