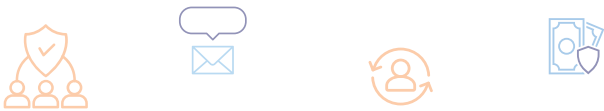


Trusted Choice® Hard Market Toolkit

Navigating Client Communications in a Hard Market



After decades of low premiums and abundant capacity, we are now in the midst of a hard insurance market.

But what exactly does that mean? A hard market is defined by the Insurance Risk Management Institute as “the upswing in the insurance market cycle, when premiums increase, coverage terms are restricted, and capacity for most types of insurance decreases.”

Or, to put it simply, insurance costs a lot more for our clients and is harder to find. Although insurance markets are cyclical, every hard or soft market is different. Each line of business is affected differently by the market’s conditions.




Insurance experts define a hard market as a time where coverage premiums **increase by more than 5%** for two or more years.

Due to rising claims frequency and severity, this has been the case for several years, which is being driven by several factors:

- Insurers recorded a \$26.5 billion net underwriting loss in 2022, up from \$21.5 billion in 2021 ([AM Best](#)).
- Climate change made 2022 one of the costliest years on record for natural disasters, with more than \$120 billion in insured losses. This was also significantly higher than the previous five-year insured loss average of \$97 billion ([Munich Re](#)).
- Rising litigation costs are increasing claims payouts and insurer loss ratios, also referred to as social inflation ([Triple-I](#))
- Economic challenges, including supply chain issues and record inflation, have made it more expensive for insurers to pay claims.

The effect of all this is that premiums have been steadily climbing across nearly all segments of the personal and commercial lines of business. Higher insurance costs are a [top concern among consumers](#), and many are responding by cutting back on or eliminating coverage to save money.

The Nationwide Insurance survey found:

26%  of consumers plan to decrease their coverage limits on existing policies or have already done so.

23%  are looking for a new insurance agent or have already switched.

20%  have removed a coverage from their policy or will do so in the next six months.

During these challenging times, independent insurance agents are more important than ever. Agents can prove their value to their clients, and improve retention, through consistent and thorough customer communication.

This should include telling customers why their premiums are rising and what they should expect at renewal time, as well as explaining coverage changes or restrictions that may impact their exposure.

The Big “I” represents more than 25,000 Trusted Choice independent agents across the country. All members have access to share the Trusted Choice Pledge of Performance. Which highlights the value and benefits to consumers.

OUR PLEDGE OF PERFORMANCE PROMISES THAT WE WILL:

- ✓ Understand your needs as a member of your local community
- ✓ Use our broad market access to provide you choices that result in solutions to address your needs
- ✓ Communicate quickly and effectively in a way that works for you, whether it's in-person or electronically
- ✓ Provide sound guidance as a knowledgeable professional who is passionate about insurance
- ✓ Be there to help you adapt your coverage as your family's and business's needs change
- ✓ Be a trusted resource who guides you through the claims process

This Trusted Choice® Hard Market Toolkit provides information and resources independent agents can use to navigate the current market conditions successfully. **This resource is exclusively for Big “I” members.**

INCLUDED IN THIS TOOLKIT ARE:

1. Expert Advice for Surviving a Hard Market from Savvy Independent Agents
2. Talking Points for Clients
3. Client Email Templates
4. Frequently Asked Questions from Clients
5. A General Communication Timeline to Keep Your Agency on Track
6. Remarketing Strategy & Remarketing Standards Document (Fill-in Template)
7. Renewal Process Outlines
 - Personal Lines, Farm and Commercial Lines Renewal Forms
8. Creative to Help Your Agency Stand Out (Customizable Videos and Graphics)



To access this full toolkit, join the Big "I" today!

CLICK TO JOIN THE BIG "I"