



INTERWEST
INSURANCE SERVICES, LLC

DECEMBER 2023 | VOLUME 4 | ISSUE 12



NEWSBLAST

Homeowner's Insurance

Review Coverage Limits as Building Costs Rise

MANY HOMEOWNERS are at risk of being underinsured as their coverage limits may have become inadequate due to surging construction costs.

Inflation and supply chain snarls have been driving the cost of building materials from lumber and steel to kitchen and bathroom fixtures. Additionally, labor costs have increased significantly in the construction sector, which faces a shortage of skilled workers — in turn driving up wages and also resulting in longer repair and construction times.

If your policy limits have not kept up with construction inflation, you could be underinsured in case of a total loss like a fire razing your home, and whatever the insurance doesn't cover, you'd have to pay out of pocket.

Cost drivers

Since 2020, the cost of home construction materials has increased 35.4%, and labor has increased 30%, according to the American Property and Casualty Insurance Association.

About 80% of construction materials have experienced a significant cost increase since 2020, with an average jump of 19%, according to the "2023 Construction Cost Trends by the Numbers" report by data-tracking firm Gordian. Also, while the prices of some goods have come down, some are still at elevated levels after they spiked during the COVID-19 pandemic.

The cost of labor has also increased in the construction sector, up an average of 3.4% in 2023. But that is low compared to 2021 and 2022, when wages were rising closer to 10%.

That's largely due to a significant labor shortage in the industry. The Home Builders Institute estimated in 2022 that more than 61,000 new hires would be needed each and every month to keep up with industry growth and workforce attrition, for a staggering total of 2.2 million new hires from 2022 through 2024.

Market experts predict that we'll see continuing construction cost increases in 2024 and 2025 as demand remains high.

What you can do

We recommend that you call us before your policy comes up for renewal to check its coverage limits, so we can help determine if they're adequate to cover a total loss.

While homeowner's rates have been increasing and you may not want to see them go higher, it's vitally important that you get this right to ensure that your claim will be covered in full after your deductible.

Anything less than that and you'll be paying out of pocket for the difference if your limits are not enough to cover rebuilding costs. ❖

BUILDING MATERIAL PRICE INCREASES SINCE 2020

- Steel: Up 22%
- Wood and lumber: Up 16%
- Concrete and masonry: Up 15%
- Electrical conduit: Up 12%
- Insulation: Up 11%

Source: Gordian

The cost of construction equipment — tractors, hoisting equipment and commercial trucks, and operating that equipment — has also been on the increase, up 5% on average from 2022. The majority of that cost increase comes from operating costs due to surging diesel prices, according to the Gordian report.

INTERWEST INSURANCE SERVICES

*Wishes You
Happy Holidays*



INTERWEST
INSURANCE SERVICES, LLC

8950 Cal Center Dr., Bldg 3, Suite 200
Sacramento, CA 95826

Phone: (800) 444-4134

Fax: (916) 979-7992

E-mail: newsletters@iwins.com
www.iwins.com

CA License No.: 0B01094

Seasonal Risks

Essential Safety Features for Safe Winter Driving

DRIVING IN SNOWY conditions can be challenging. Whether you live in an area that gets snow, or you head for the mountains on the weekends for skiing and snowboarding, icy roads and snow-covered surfaces can pose significant risks to drivers.

While safe driving plays a critical role, many modern vehicles come equipped with advanced safety features designed to enhance winter driving. These innovations can contribute to a safer and more comfortable driving experience in cold and snowy conditions.

Heated mirrors

Icy build-up on side mirrors can obstruct a driver's view, making lane changes and parking difficult. Heated mirrors melt away frost and ice, ensuring a clear line of sight and reducing the risk of accidents caused by impaired visibility.

Anti-slip technology

Anti-slip or traction control systems are crucial in preventing skids and maintaining control on slippery surfaces, including icy roads.

These systems monitor wheel speed and apply selective braking to individual wheels when slippage is detected. This technology helps drivers maintain stability and control during acceleration and deceleration, reducing the likelihood of skidding on icy roads.

All-wheel or four-wheel drive

Vehicles equipped with AWD or 4WD systems provide enhanced traction and control on slippery surfaces.

These drivetrain configurations distribute power to all four wheels, improving stability and maneuverability in snow and ice.

Anti-lock braking system

ABS prevents wheel lock-up during hard braking, allowing the driver to maintain steering control even on icy or snow-covered roads.

By preventing skidding, ABS contributes to safer and more predictable stops, reducing the risk of collisions in winter conditions.

Engine block heater

In extremely cold climates, engine block heaters are invaluable for ensuring a smooth start in the morning. These heaters warm the engine and coolant, making it easier for the vehicle to turn over, reducing wear on the engine components, and minimizing the strain on the battery.

A warm engine is not only more reliable but also operates more efficiently, enhancing overall vehicle performance in winter conditions.

Seat warmers

While not an essential safety feature, seat warmers serve a practical purpose beyond comfort in winter.

Cold temperatures can impair muscle function and slow reaction times, increasing the risk of accidents. Heated seats keep drivers and passengers warm, promoting alertness and reducing the impact of cold weather on motor skills, contributing to safer driving conditions.

Remote start

Also, more of a luxury than a necessity, the ability to start your car remotely lets you get the vehicle warmed up before you and your family hop inside of it. That will save you from the misery of having to sit down in a freezing car with frigid seats.

The takeaway

As winter weather brings its own set of challenges to the roads, modern vehicles are equipped with an array of safety features to mitigate these risks.

While technology can enhance safety, it is essential for drivers to also practice caution, adjust their driving habits, and be prepared for the unique challenges that winter conditions present.

By combining advanced safety features with responsible driving, you can confidently navigate winter roads with reduced risks and increased peace of mind. ❖



Holiday Safety

How to Protect Your Identity When Shopping Online

IF YOU ARE like most people, you are doing more Christmas shopping online, increasing the chances that you will be the victim of identity theft.

In 2021, 14.2 million people were victims of online identity theft, which was used to make \$13 billion in fraudulent transactions in the U.S., according to the “2022 Identity Fraud Study” by Javelin.

There are a number of steps you can take to protect your personally identifying and credit card information when shopping online.

Data security website operator Safer Networking Ltd. recommends that you minimize your risks by taking the steps in the boxes on this page. ❖



USE SECURE WEBSITES

Those are the ones that start with: <https://>
The ‘s’ means the site uses a secure socket layer.



SHOP ON TRUSTWORTHY SITES

If you are on a site you haven’t shopped on before, check its merchant ratings. They can divulge if other people may have been hacked after using the site.



CLICK SPARINGLY

Phishing attacks are more common during the holidays. Don’t open e-mails from unknown sources, and don’t click on links embedded in them.



USE ADBLOCKER SOFTWARE

This is important to keep viruses from infecting your computer with malicious code. The threat is not limited to ads on shady websites. Reputable sites can also unknowingly be the source.



AVOID THIRD PARTY APPS

Only install applications that you can download from the Google Play or Apple stores. Downloading from other sources can be risky, particularly if you have to enter credit card information.



USE TRUSTED PAYMENT PORTALS

Use trusted payment mechanisms. That includes methods like PayPal, which help you make secure purchases and make it easy to get your money back if there is a problem.

SHOP WISELY:
Even Santa makes sure to use only safe online shopping sites and never clicks on links in e-mails from unknown senders.



Technology

Good Drivers Save Money with Insurance Telematics

TELEMATICS APPS that help insurers monitor their policyholders' driving are taking off, and good drivers can benefit from using them.

Safe driving often yields lower auto insurance rates, and telematics can give carriers real data on your driving habits, like if you are a habitual speeder.

Some car insurance companies advertise that drivers can save up to 25% or 30% on their premiums for being a safe driver with a telematics program. However, it can also identify unsafe driving habits which can result in rate hikes.

How it works

Telematics car insurance programs collect data to rate how safely you drive, as well as your mileage. They track acceleration, speed, deceleration, distance driven, when you drive and where you drive to calculate your risk level. If you pose a lower risk of accident than the average driver, you can save money on your auto insurance premiums.

When you sign up for a telematics program, insurers will typically give you an enrollment discount up to 10% of your annual premium.

You'll be required to download an app or the insurer will send you a telematics device that plugs into your car.

Telematics devices will usually plug into the onboard diagnostic (OBD-II) port, which is commonly found beneath the steering wheel. This method relies on your car's onboard diagnostic system and a network of sensors that tracks key performance indicators.

WHAT IT TRACKS

- How often you drive and for how long
- Hard braking incidents
- Fast acceleration
- Speed
- Fast cornering (quick, sharp turns)
- Time of day you drive
- Phone usage while driving

The insurer will monitor your driving for a period of time, usually 90 days, after which they will evaluate your driving and decide on a final discount. Many carriers offer discounts of up to 30% for the drivers they deem the safest or at lowest risk of being in an accident.

How to get the best discount

Drivers who see the best discounts may include stay-at-home parents, remote workers, retirees and gentle drivers. To get the biggest discount:

- Avoid driving during rush hour and at night.
- Drive a below-average number of miles.
- Avoid harsh braking and cornering.
- Avoid accelerating quickly.

TELEMATICS PROS AND CONS

Pros

- Large discount potential.
- Rewards for being a good driver.
- Provides an incentive to improve your driving habits.

Cons

- Some programs can raise your base rate if you're a bad driver
- Discounts fluctuate based on driving habits.
- Mobile apps can't always tell if you are a driver or a passenger, so if you're riding in someone else's car you may occasionally need to dispute the data.
- Privacy concerns about being tracked.

The takeaway

Traditional car insurance costs are based on factors relating to your driving profile, none of which have to do with how well you drive day to day.

On the other hand, telematics insurance programs base your rate on your current driving habits or give discounts for good behavior on the road. With telematics, the better you drive, the more you can save. ❖

