



Current Auto Insurance Conditions

FACTORS DRIVING INCREASING COSTS

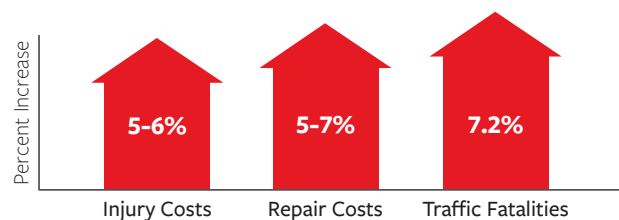
As you may be aware, the auto industry is experiencing an increase in loss costs. **Industry combined ratios have risen more than 102%** over the past five years and **frequency and severity are up** across all personal coverage types, except comprehensive¹. While the entire industry will no doubt be forced to respond, we wanted you to understand some of the factors that may affect premiums moving forward.

People are buying more cars. In 2015, Americans bought a record 17.5 million new vehicles².

People are driving more. Thanks to lower fuel prices and higher employment, 2015 saw the highest increase in driving in 25 years³.

Distracted driving is increasing. According to the National Highway Traffic Safety Administration, fewer people are talking while driving. But more are texting and surfing the web⁴.

Injury costs are rising. Driven by medical inflation and increasing claim complexity, costs are up 5-6 percent⁴.



Tips for Discussing These Trends with Your Customers

So what can you say if your customer asks about premium increases? First of all, reassure them that Travelers remains committed to mitigating the impact of industry trends with enhanced pricing, lower expenses and improved processes.

Provide background information on auto-insurance industry trends and let them know that Travelers is working to keep its premiums lower than the industry average.

Conduct a coverage review to make sure your customer has the appropriate coverages and is taking advantage of all available Travelers discounts.

Remind them of Travelers' auto loyalty benefits such as incident leniency, youthful driver leniency and longevity credits that a customer may lose when switching to a new carrier.

Assure them that Travelers exceptional claim service is available and that you're here to help them whenever they need assistance.

Suggest valuable options that can help protect customers against the rising costs of auto accidents, including:

- **Premier Responsible Driver Plan[®]** with Accident Forgiveness and Decreasing Deductible
- **Premier New Car Replacement[®]** that pays to replace a totaled car in the first five years with a brand-new car
- **Premier Roadside Assistance[®]**

¹Insurance Information Institute, 2016; ²Strategy & Price WaterHouse Coopers, 2016 Auto Industry Trends; ³U.S. Department of Transportation's Federal highway Administration; ⁴National Highway Traffic Safety Administration; ⁵ISO Industry Loss Trends; ⁶National Safety Council, Insurance Information Institute

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