

# Insights & Updates

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# PIONEER<sup>SM</sup>

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## Before you take your fun off-road ...

As the temperatures start to drop in the Northeast, many people will abandon the lakes and streams they frequented during the warmer months. These bodies of water will be replaced by the extensive trail system that exists throughout the Northeast.

Boats, now in storage, will be replaced by all-terrain vehicles, and as the temperatures drop further snowmobiles. The use of off-road vehicles is a fantastic way to see all the beauty the Northeast has to offer. However, before hitting the trails there are a few things to consider.

**Suit up.** It starts at the top with the helmet. Use of a helmet has been demonstrated to reduce the likelihood of traumatic brain injury in ORV accidents. Do you need any more reason than that to wear a helmet? Beyond a helmet, make sure to cover up. Covered skin is less vulnerable to injury than uncovered skin. This makes long pants and a long shirt made from durable materials essential.

**Stay off-road.** While riding an ORV avoid public roads, except for clear ORV crossings. Riding ORVs on public roads can be dangerous. Motorists are not used to seeing ORVs on the roads and damage caused by a collision with a vehicle could be severe. Further, New York prohibits use of an ORV on public roads except where designated. It can be helpful to plan out routes in advance to avoid any unnecessary use of the public roads.

**Knowledge is power.** Proper training is critical to riding smartly and safely. Fortunately, there are plenty of options—both in the public and private sector—for individuals who are looking to get educated. The Specialty Vehicle Institute of America, the leading trade association dedicated to ATV safety, offers education through its All-Terrain Vehicle Safety Institute. In addition, many local riding clubs offer safety courses. In the public sector, many agencies that regulate ORVs (e.g., state and local highway departments, as well as parks departments) offer training.

**Purchase insurance.** Of course, no matter how safely you ride your ORV it is impossible to reduce the risk to zero. Accidents will happen. When they do happen, having the proper insurance is critical to fully protecting yourself. Much like traditional auto insurance, insurance on your ORV will provide liability and property damage coverage in the event of an accident.

Not only is ORV insurance a smart idea, but it is mandatory in New York for anyone riding an ORV in the state. Before you take your fun off-road, make sure you have the insurance coverage you need. Call our agency today.



# Why is my premium increasing?



**Hard markets = relatively high premiums,** fewer options for coverage.

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Property-catastrophe reinsurance **prices rose 30.1%** this year.

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Between **2022 and 2023**, auto insurance rates increased by almost **14%**.

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Most people don't spend much time thinking about their insurance premiums outside of when they pay them. However, many factors determine an individual's premium—age, claims history, and location—all affect a premium rate. There also are factors that are outside of your control, and they may be completely unrelated to risk itself. Yet, those factors can impact premium greatly. What are some of those factors?

Whether you are purchasing eggs or renting a hotel room, you probably have noticed the price of goods and services is on the rise. Inflation in America reached 20-year highs in 2022—causing the cost of many goods and services to skyrocket. Inflation means that the cost of a claim, be it a vehicle, home, or business is now more costly than ever. Increasing premiums offsets the increase in the cost of replacing or repairing an auto or property.

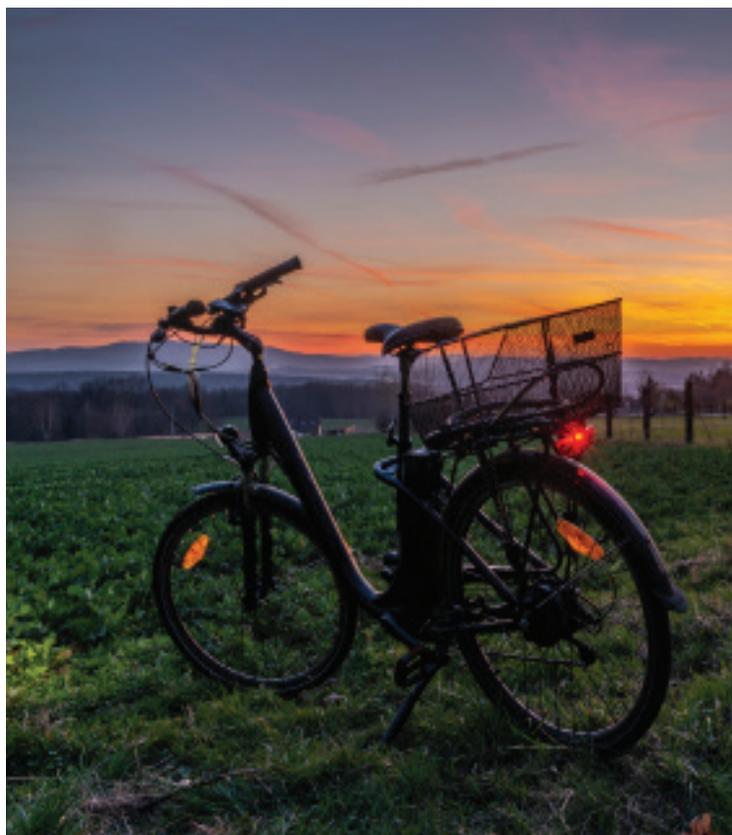
Changing economic times are leading to an increase in insurance premiums. The Federal Reserve System, the central banking system of the U.S., has been steadily increasing interest rates for the last year. Interest rates impact how insurance companies make money and

meet certain legal thresholds regarding assets. Generally, lower interest rates allow insurance companies to borrow and invest money more easily. This reduces the need to raise revenue through premium dollars. The script flips though when interest rates increase. To meet reserve minimums an insurance company will be more sensitive to the cost of claims exceeding the premium received. Insurance companies address this in several ways, including increasing premiums.

Premiums are impacted by a source both familiar and unfamiliar to the insurance-buying public. Most insurance companies buy insurance themselves—this is called reinsurance. An insurance company purchases reinsurance to transfer some of the risk it is assuming to another party. Reinsurance rates are on the rise, and there is less coverage to go around. This has caused insurance companies to limit their exposures by being more selective in the risks they write, as well as charging more for those exposures they do write.

While increasing premiums are undoubtedly frustrating, our agency is here to assist through this time. Please contact us with any questions you may have about your insurance policies or their premiums.

# Risks associated with e-bikes



Electric bicycles—or e-bikes—have become popular as an eco-friendly, efficient, and cost-effective mode of transportation. While these bicycles offer myriad benefits, they carry certain risks—which riders can mitigate.

Electric bikes are powered by batteries, typically made of lithium-ion. If these batteries experience conditions like overcharging, high-heat exposure, or improper storage, they risk catching on fire or exploding. Riders need to ensure that they follow the manufacturer’s instructions for charging and maintaining the e-bike’s battery.

Most states have adopted the following speed classifications: Class 1—Pedal-assist only; motor provides assistance —when the user is pedaling—all the way all the way up to 20 mph. Class 2—Pedal-assist or throttle; motor provides assistance all the way up to 20 mph. Class 3—Pedal assist only; motor provides assistance all the way up to 28 mph. Riders need to be aware of their surroundings, wear proper biking attire, and ride at safe speeds to

help reduce the dangers of riding e-bikes. E-bikes do not offer the same level of physical protection as cars or motorcycles. Riders are exposed to the elements, do not have the protection of airbags or a metal frame, and share the roadways with other motorists. In the event of an accident, e-bike riders are at increased risk of serious injury or death.

Electric bikes have limited ranges. Just like with electric vehicles, if the battery runs out of charge, drivers and e-bike riders can be stranded in unfamiliar territory. Plan routes according to the e-bike’s battery range, share your cell phone location with a trustworthy person, and carry a spare battery or charger.

Theft of electric bikes is a growing concern as they are expensive and desirable. Riders should take precautions to secure their e-bikes, by utilizing durable locks, parking in well-lit areas, and deviating from their normal routines to thwart off targeted thefts. What about insurance? With few exceptions, your

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homeowners policy does not cover motorized vehicles, which includes motorized scooters and pedal-assisted bicycles. Some insurance companies will offer an endorsement to cover these owned vehicles for liability, but rarely is damage to the vehicle or theft covered. There are insurance companies that specialize in this type of insurance, so this might be an option.

If you have an e-bike or are thinking of purchasing one, give our agency a call. We can review your insurance company’s coverage to make sure you have the coverage you need to protect you in the event of a loss or claim.

# Can your insurance company 'blacklist' certain car models?

When easy hacks to steal certain Kia and Hyundai car models started appearing on social media, thefts of these cars became so common that a few larger insurance companies stopped writing new policies for them.

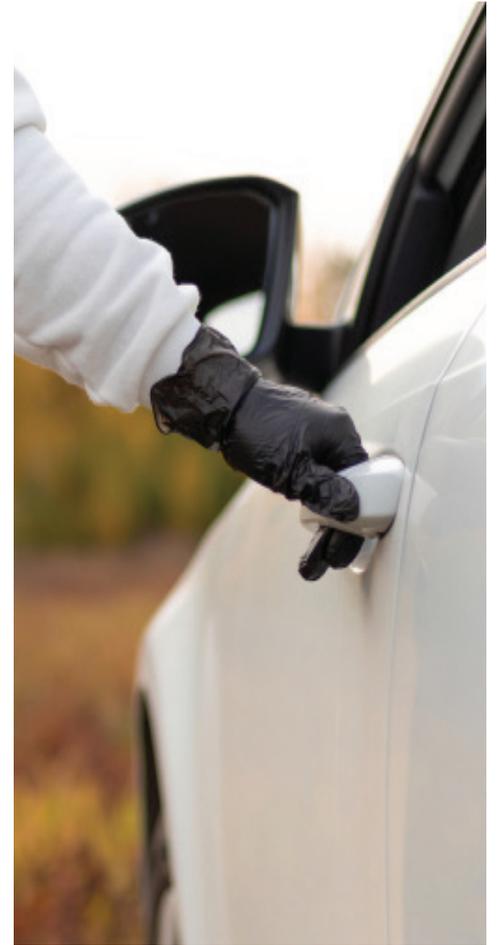
Which begs the question: Could your insurance company refuse to insure your car because of the model you buy? It is highly unlikely.

**A unique situation.** When it comes to insurance companies limiting or suspending new policies on cars remember that context is key. In the case of these models, the manufacturers built the cars without including engine disablers—which prevent thieves from starting the car by any method other than having the proper key or fob. The passive engine disabling anti-theft feature has become standard on 96% of all vehicles manufactured since 2015.

**Millions in losses.** The losses due to thefts of these models in the past year have been massive. However, companies have only limited or stopped issuing new policies on these models in certain cities where the problem has reached epidemic levels. At the time of this writing, all current policies are being honored.

Nationwide these models have become so vulnerable to theft that the risk an insurance company takes when it writes new auto insurance policies is exponentially higher than any other model of car. Even so, in most places across the country drivers can get new auto policies written on these specific car models.

If you have a question about your auto coverage, or if you want to make sure you have enough coverage in the event of a theft, give our agency a call.



## News from our agency

We are here to offer the advice you need

Do you know when you need to review your insurance policies? Generally, it's a good idea to review them once a year—we can help.

However, it's also a good idea to update your policies whenever you make lifestyle changes. Did you move or buy a new home? Did you get married? Did your child go off to college? Did you make any expensive new purchases?

If you answered yes to any of these questions, it could mean a change in your insurance needs and coverages. We are here to answer your questions.

