



Rising Construction Costs Due to Inflation – How Is EMC Responding?

EMC's Phoenix branch proudly serves agencies and policyholders in our branch territory of Arizona, New Mexico, Nevada, and California. The branch opened in 1958. EMC's Five Core Values are: Relationships, Integrity, Trust, Inclusion and Resilience.

Trust is the foundation of any successful professional relationship. It allows for effective communication, collaboration, and helps us to resolve conflicts constructively. A relationship requires constant attention, effort, and respect. Trust is a key part of the insurer- agent relationship; and something of utmost importance to me as the Branch Vice President, and to EMC.

Attributes of trust that we believe in are:

- We are dependable, accountable, and consistent.
- We are reputable and respectful of others.
- We are genuine, sincere, and straightforward.

It is a challenging time in our industry, and we are even more focused on continued communication and developing a partnership that will stand the test of time. Trust is not something that we take for granted but is foundational to our establishment of strong partnerships with our valued agents.

We are experiencing a challenging and unique economic environment that has been heavily impacted by both supply chain issues and labor shortages. These factors have led to inflationary increases that we have not experienced in 40 years. As a result, the cost of claims has also increased. Many economic experts believe this situation will continue. Based upon the most recent independent data, commercial construction costs have increased up to 40.8% in our territory in the last three years.

Maintaining adequate values on property is critical, and we want to do all we can to ensure policyholders are adequately insured at the time of loss. Inflation Guard endorsements and/or automatic annual increases are great tools to help maintain appropriate limits. We are encouraging policyholders to seek annual reviews with their trusted insurance professional to establish adequate limits, not only for buildings but for business personal property and business income.

At EMC, we are committed to both our agents and policyholders, and we owe it to you to pay close attention to the economic environment and address rising inflation costs. We encourage you to review your policies and address any questions regarding valuations with your Underwriter or Territory Manager. **We value your partnership and thank you for your continued trust in EMC.**

A handwritten signature in black ink, appearing to read "Doug Lincoln", with a stylized flourish at the end.

Doug Lincoln CPCU, CLU, ChFC, AU, AINS

Vice President-Phoenix Branch Office

16150 N. Arrowhead Fountains Center Dr., Ste. 350, Peoria, AZ 85382 | P.O. Box 5760, Peoria, AZ 85385-5760 | 623.760.1500 | 800.432.8422 | emcins.com

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