

Why are property insurance rates on the rise?



Recently you may have noticed a significant increase in your insurance premiums. There are several factors contributing to these increases, including:



Volatile Weather

Higher frequency of damaging, severe weather is resulting in a greater amount of claims.



Fraud & Litigation

Instances of both fraud and litigation are on the rise resulting in “social inflation”.



Inflation

Building materials and other construction inputs have risen 38% since February 2020.¹



Reinsurance Rates

Reinsurance rates have increased 30-80% due to loss experience over the past decade.²

A majority of the insurance industry has been impacted by these challenges, resulting in what is referred to as a “hard” insurance market.

What is a ‘hard’ insurance market?

A “hard market” in the property and casualty insurance industry refers to a market condition where insurance premiums rise, coverage becomes more restrictive, and insurance companies adopt a more cautious and selective approach when underwriting insurance policies.

Hard markets are cyclical, and are often followed by a period where premiums stabilize, coverage becomes more widely available, and insurers compete more aggressively for customers. Policyholders should keep in mind that while hard markets can result in higher premiums and reduced options, insurance is a critical tool for managing risk and protecting assets, and it’s essential to maintain adequate coverage even during challenging market conditions.

What else should you be aware of in a ‘hard’ market?

- Your policy could be more at risk of cancellation if high-risk behavior or poor property condition is apparent. Do your part to be a responsible homeowner and implement loss control measures where possible.
- If your policy is cancelled due to non-payment of premium or otherwise, it may be more difficult to find replacement coverage. Consider your alternatives before you allow your coverage to lapse.
- Your property may be underinsured. While insurance carriers make an effort to make adjustments in rates to account for inflation, it doesn’t mean your coverage is keeping up. Double check your building and personal property values.

What are my options to offset these costs?

- Check with your independent insurance agent! Make sure you are getting all of the discounts you qualify for.
- Consider higher deductibles. If you can comfortably cover the higher out-of-pocket expense at claim time, it will result in an overall reduction of premium.
- Sign up for paperless billing through the Customer Portal. It will save you the expense of a billing fee.

¹ U.S. Bureau of Labor Stats, Producer Price Index (Construction Inputs), May 2023

² RPS, 2023 US Property Market Outlook, Jan. 2023

Have more questions?

Contact your local independent insurance agent! They are happy to assist you with questions and coverage advice.

