

Why Are Home Insurance Rates Rising?

Homeowners insurance is one of the most essential types of coverage acquired and maintained by Americans. Moreover, it may now be more important than ever, as claims costs continue to rise. Prospective and current policyholders should be aware of recent economic patterns and relevant industry trends to better understand changes in their coverage or costs.



Although the cost of insurance may fluctuate for various reasons each year, the following are some factors currently influencing home insurance policies across the country:

- **Trade labor shortages**—There is a shortage of tradespeople, and the industry has struggled to attract new workers, which means there haven't been enough people to meet construction demands. This can make the cost of rebuilding or repairing homes more expensive.
- **High material costs**—The cost of building materials increased significantly due to supply chain issues during the COVID-19 pandemic, and prices are only now starting to ease. However, certain materials in parts of the country remain costly, particularly amid high inflation.
- **Increased weather-related losses**—The rise in frequent and expensive damages due to weather-related incidents have put more pressure on available resources. As the number of claims and associated costs rise, so too can insurance rates.
- **Low home inventory and high demand**—The housing market is driving up the cost and value of homes, making them more expensive to insure.

In response to rising home insurance premiums, policyholders should consider the following ways to save on their rates:

 **Bundle policies.** By combining multiple components of their insurance portfolio under the same insurer, such as home, auto and life, homeowners may receive premium discounts.

 **Make home improvements.** Upgrading a property in certain ways may help secure lower homeowners insurance prices. For instance, installing new plumbing or storm shutters, upgrading roofs and adding security or fire protection systems may make your home safer and less prone to risk, which may help lower insurance rates.



 **Reconsider high-risk features.** Certain additions to a property, such as swimming pools and trampolines, may generate additional risks and exposures, leading to higher premiums.

 **Discuss discounts with an agent.** Homeowners who have not filed a claim against their policies for an extended period (generally at least three to five years) may receive a discount. Some insurance companies may also offer discounts for certain professions.



Home insurance is essential for protecting against devastating financial losses, and reducing coverage could result in paying for costly incidents out of pocket. Contact your agent to learn more about potential discounts and other ways to save on your home insurance premium costs.



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