

Understanding home insurance rate pressures.

VARIOUS FACTORS ARE CAUSING THE COST TO REPAIR, REPLACE AND INSURE CARS TO RISE.

Changing trends are affecting the home insurance industry, leading to an increase in the cost of insurance. Labor shortages, extreme weather and residential reconstruction costs up 4.9% from July 2023-July 2024¹ are just some factors driving insurance rates. Plus, while the rate of inflation can fluctuate, prices for many items remain high.

Here are some of the economic factors impacting premiums.

Catastrophic weather events.

28 separate \$1B+ loss events from weather were reported in 2023.²



Water losses. Over time one in 60 insured homes had a property damage claim caused by water damage or freezing each year.⁴



Labor shortages are driving repair costs. There were 346,000 job openings in the construction industry as of March 2024.⁵

Fire losses. Over 380,000 residential structure fires resulted in nearly \$11 billion in property damage in 2022.³

The cost of building materials remain high
Material costs have surged from February 2020-2024.⁶

*Based on homeowners insurance loss data from 2018-2022.

¹ P&C Specialist, "Reconstruction Costs Keep Rising, Hitting Insurance Carriers," August 23, 2024, https://www.pandcspecialist.com/c/4603484/612533/reconstruction_costs_keep_rising_hitting_insurance_carriers?referrer_module=emailMostPopular&module_order=6&code=YzlxdmNtVnNiRzIjBZEhKaGRtVnNaWEp6TG1OdmJTd2dNVEUoImpRNU1qTXNjREU1TmVdosqTTBNamc9; ² National Oceanic & Atmospheric Administration, "U.S. struck with historic number of billion-dollar disasters in 2023," January 9, 2024, <https://www.noaa.gov/news/us-struck-with-historic-number-of-billion-dollar-disasters-in-2023>; ³ National Fire Protection Association (NFPA.org), Fire Loss in the United States, November 2023 (New report expected in late 2024), <https://www.nfpa.org/education-and-research/research/nfpa-research/fire-statistical-reports/fire-loss-in-the-united-states>; ⁴ Insurance Information Institute (iii.org), Facts + Statistics: Homeowners and Renters Insurance, [https://www.iii.org/fact-statistic/facts-statistics-homeowners-and-renters-insurance#Homeowners%20Insurance%20Losses.%202017-2021%20\(1\)](https://www.iii.org/fact-statistic/facts-statistics-homeowners-and-renters-insurance#Homeowners%20Insurance%20Losses.%202017-2021%20(1)); ⁵ U.S. Bureau of Labor Statistics, U.S. Department of Labor, <https://www.bls.gov/news.release/jolts.t01.htm>; ⁶ National Association of Home Builders. Understanding the Impact of Rising Building Material Costs, July 14, 2024, <https://www.nahb.org/advocacy/top-priorities/material-costs>