Understanding home insurance rate pressures.

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Various factors are causing the cost to repair, rebuild, and insure homes 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 2024[1] 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=YzIxdmNtVnNiRzlBZEhKaGRtVnNaWEp6TG1OdmJTd2dNVEU0TmpRNU1qTXNJREU1TmpVd05qTTBNamc9; [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); [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

Ways to respond when customers question premium increases.

- **Use the educational materials** Travelers offers to help customers put the cost of their insurance into context with what's happening in the economy.
- **Offer to conduct a coverage review** so you can help your customers select insurance to meet their needs in light of the rising costs.
- **Customize coverage as needed** to tailor your customers' protection — and their pricing — to fit their specific situation.
- **See if customers are willing and interested** in considering a higher deductible to increase the amount they would be willing to pay out of pocket, in the event of a claim.
- **Use Travelers Renewal Premium Compare Tool**, which highlights key changes affecting customers' renewal premium and shows discounts a customer may be eligible to receive.
- **Consider bundling auto and home coverage** when appropriate and where available to help your customers qualify for Travelers' multiple policy discounts.
- **Share this QR code with your customers** for additional information on what's affecting home rates.

Home
travelers.com/WhatAffectsHomeInsurancePrice

- **Remind customers of the benefits** of purchasing Decreasing Deductible®* or Loss Forgiveness.

*Decreasing Deductible is not available in all states, including CA.

- **Discuss any upgrades** that may qualify for discounts. Installing safety features like smoke detectors, fire alarms, water sensors, or smart home technology could offer additional premium savings.

How Travelers supports your customers — and you.

With Travelers, you're able to offer customers valuable protection at competitive rates, while helping them save more with our packages and discounts. And, your customers are supported by:

- **Claim professionals with extensive knowledge and tools**, such as virtual inspections that allow us to remotely assess damage.
- **A loss consultation service** to help customers who have experienced a loss with their pre-claim decision-making process.
- **A strong and stable partner** with an A.M. Best A++ financial strength rating.**

Travelers can also help you connect with customers on social media, increase your web presence, and drive leads into your agency with complimentary marketing resources on *toolkit*Plus.

Innovative digital marketing tools and resources include:

- **Social media campaigns**
- **Videos**
- **E-brochures and sell sheets**
- **Acquisition, cross-sell and retention campaigns**

To find out more, check out *toolkit*Plus at Travelers.com/ForAgents

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