



Know Your Insurance

Home

Courtesy of HGI Solutions

Tips for Home Insurance Buyers in 2024

For millions of Americans, home insurance remains an essential financial safeguard. These policies can provide critical financial security as homeowners seek to protect their fiscal stability and property. The homeowners insurance market is complicated and dynamic, and many policyholders have experienced increased rates in recent years despite no changes to their coverage or claims filed. However, homeowners may be able to take a proactive approach to reducing their rates or at least limiting increases.

What Happened in 2023?

The past year saw a continuation of many difficult conditions still affecting the homeowners insurance market today. The inflation spike during 2022 reverberated throughout the U.S. economy, and supply chain issues and labor shortages continued to impact the cost of construction. According to government data, 25 severe weather events in 2023 incurred costs ranging from \$1 billion to \$10.5 billion each. Sustained losses inflicted by natural disasters spurred some insurance companies to pull out of the homeowners insurance market in high-risk areas, such as California and Florida, leaving residents with fewer options and higher prices. Finally, toward the end of 2023, reinsurance rates rose by as much as 40% as companies sought to recoup increased losses from recent years.

What to Expect in 2024

Unfortunately, the difficult conditions facing homeowners' insurance companies and policyholders are expected to persist throughout 2024 and potentially beyond. Even as climate change and natural disasters continue to inflict significant losses on homeowners, many people are relocating to the southern and western parts of the country, potentially putting themselves in the paths of these destructive events. Additionally, more and more people live in wildland-urban interfaces, where homes can be particularly vulnerable to severe weather damage. As insurance companies leave certain markets or refuse to issue policies to certain properties, homeowners may be forced to seek more expensive options, such as state-supported insurers.

Even among typical homeowners policies, premiums likely increased year over year. Prices for building supplies, such as lumber, concrete, masonry and steel, have skyrocketed in recent years. Construction labor has also become more challenging, adding extra expense and time to all building projects. Coupled with the significant property damages caused by the aforementioned natural disasters, these price increases make claims submitted by policyholders who must repair or rebuild their homes considerably more expensive. Insurance companies must raise rates so they can afford to pay for all the policies they issue.

On a more positive note, government officials in some parts of the country have announced plans to implement reforms to alleviate current market conditions; however, homeowners must remain realistic about these pursuits. After all, even legislation tackling these complicated issues can take a long time to be debated, approved and implemented. Any impactful results can take years to observe.

6 Tips for Buying Home Insurance in 2024

Although the difficult conditions of the home insurance market can be tricky to navigate, there are several ways for policyholders to secure better rates, such as the following:

1. **Bundle policies.** Homeowners may achieve lower premiums by purchasing several types of coverage, such as home and auto, from the same insurance company. Additionally, doing so may make companies less likely to terminate coverage following an incident.
2. **Upgrade homes.** By fortifying homes with additional protections, such as security features, storm shutters, nonflammable building materials and a new roof or electrical system, insurance shoppers may be assessed as having lower risk levels and, therefore, save on their premiums.
3. **Reduce liability risks.** In most cases, home insurance policies include personal liability coverage. Homeowners can submit a claim if they are at fault for another party's losses, such as bodily injuries and property damage. Policyholders may be considered less risky if they reduce potential liabilities, such as by removing swimming pools and other attractive nuisances.
4. **Explore discounts.** There may be several opportunities to earn discounts on home insurance rates. For example, policyholders may qualify for lower costs if they have not filed a claim against their insurance for an extended period (e.g., 3 or 5 years).
5. **Improve credit scores.** Many insurance companies may weigh credit scores as a key factor when determining a homeowner's rates. Given this consideration, policyholders may enjoy lower rates by responsibly keeping up with bills, limiting debts and balances, and maintaining a diverse credit portfolio.
6. **Adjust coverage.** Various parts of a home insurance policy can contribute to a homeowner's premiums. With this in mind, limiting rate increases by making modifications, such as increasing the deductible, may be possible. However, policyholders should be cautious about this approach and ensure they are not left underinsured or potentially at risk of unmanageable out-of-pocket costs.

For More Information

Amid ongoing hard market conditions, shopping for homeowners insurance and maintaining adequate coverage can be difficult, making it advisable to enlist the assistance of a qualified insurance professional, such as those at HGI Solutions. Contact us today to learn more about navigating the homeowners insurance market and retaining a suitable policy at optimal rates.
