

U.S. homeowners insurance costs keep rising as climate and inflation pressures build

Traders Union

Homeowners across the U.S. are facing steeper insurance bills as premiums rise faster than many household budgets can absorb. The increases are widening cost pressures in housing and could affect property values and financial stability as coverage becomes more expensive and, in some areas, harder to secure.

Premium increases reflect broad market strain

As reported by Pew Research Center, 71% of homeowners say their homeowners insurance costs have increased over the past few years, including 42% who say those costs have risen a lot. The survey covers 3,524 U.S. adults, including 1,236 homeowners, and was conducted from March 16 to 22.

Separate data points to the same trend across the market. The Consumer Federation of America says average premiums climbed by \$648, or 24%, to \$3,303 a year between 2021 and 2024. The U.S. Treasury Department also says average premiums per policy increased 8.7% faster than inflation from 2018 to 2022 in what it describes as its most comprehensive analysis of the homeowners insurance market.

Industry specialists cite several drivers behind the sustained increase. Broader inflation in the U.S. economy is raising the cost of rebuilding homes, while climate change is increasing the frequency and severity of storms and wildfires, pushing insurers' claims costs higher. Reinsurance, the financial backstop insurers buy for themselves, has also become more expensive.

Experts also say population shifts into higher-risk areas and the growing use of technology to assess and price risk are reshaping how insurers set premiums. That combination is leaving many households with rate increases that outpace the national average.

Housing and financial effects spread unevenly

Rate increases are not falling evenly across the country. Consumers in one-third of ZIP codes saw premiums rise by more than 30% from 2021 to 2024, according to the Consumer Federation of America, with the steepest increases reported in Utah at 59%, Illinois at 50%, Arizona at 48% and Pennsylvania at 44%.

Amy Bach, co-founder and executive director of United Policyholders, says the problem is now widespread for policyholders. She says rates have been rising so sharply that many consumers see the increases as unfair.

The broader economic implications extend beyond monthly housing costs. Treasury says a home is the largest financial asset for many Americans, meaning the price and availability of homeowners insurance can influence both household finances and home values. As premiums continue to rise, pressure on affordability may feed into the housing market and the wider financial system.

In our earlier article on rising U.S. mortgage rates, we explained how borrowing costs climbed as inflation concerns intensified amid higher oil prices and shifting expectations for Federal Reserve policy. We also noted that the jump in rates was already weighing on housing demand and refinancing activity, reinforcing broader affordability pressure in the U.S. housing market.

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