



NW Insurance Council

Consumer Alert

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Insurance premiums surge due to economic pressures. What you can do to help manage the costs

PORTLAND, OR, September 26, 2024 – The cost of home and auto insurance premiums has surged nationwide, leaving many consumers wondering why they are paying more for the same coverage. While a combination of factors are driving the rising costs, insurance customers have some options to help manage what they pay for insurance coverage.

“For many years, the average cost of auto and home insurance has been relatively stable, with rate increases aligning with inflation. That hasn’t been the case since 2021, as dramatic increases in the cost of repairing and replacing vehicles and structures, treating injuries and paying liability claims have far outpaced general inflation, forcing insurers to increase premiums for consumers,” said Kenton Brine, NW Insurance Council President. “So, it has never been more important for consumers to understand their insurance policies and consider ways to reduce costs without putting their homes, vehicles and finances at greater risk.”

Insurers play [a vital role in the economy](#) and strive to stay financially viable. As a result, insurance companies are forced to reassess risks and adjust premiums to account for

growing expenses to keep up with losses so they can continue to pay claims to customers when more losses happen.

Factors contributing to the rise in home and auto insurance premiums include:

- **Widespread damage to homes** from natural disasters like wildfires, hurricanes and floods. Natural catastrophe losses in the United States reached \$114 billion in 2022, according to the [Insurance Information Institute](#) (I.I.I.). With more frequent extreme weather events, the risks to property have increased significantly.
- **Inflation has affected nearly every aspect of the economy** and has directly impacted the insurance market. As inflation drives up the cost of building materials and labor, the cost to rebuild or repair homes after damage is rising, resulting in higher payouts for claims. This also means many homeowners may find their current coverage limits are insufficient to fully cover the cost of rebuilding after a disaster.
- **Rising vehicle repair costs**, more expensive replacement parts, and surging car values have contributed to higher insurance premiums for drivers nationwide. Also, the return to pre-pandemic traffic levels, combined with distracted driving and more severe accidents, led to a rise in auto insurance claims. With more vehicles on the road and increasing accident severity, insurers must account for higher claim frequencies, contributing to rising premiums.
- **The escalating issue of legal system abuse** also affects insurance coverage availability and affordability. This abuse includes practices such as frivolous lawsuits, inflated claims, and excessive attorney fees, all of which contribute to rising insurance costs for consumers.

Insurance companies are committed to helping customers find ways to keep insurance coverage affordable. Policyholders are encouraged to contact their insurance company representative or agent to discuss ways to save money on insurance without compromising on coverage, and consider the following tips from [NW Insurance Council](#) and [I.I.I.](#):

- **Comparison shop insurance companies.** It may take some time and effort, but prices for the same coverage can vary by hundreds of dollars, so it pays to shop around.
- **Ask about low-mileage discounts or mileage-based insurance policies.** Some companies offer discounts to motorists who drive a lower-than-average number of miles per year. Low mileage discounts can also apply to drivers who carpool to work.
- **Buy your home and auto policies from the same insurer.** Some companies that sell homeowners, auto and liability coverage will take five to 15 percent off your premium if you buy two or more policies from them.
- **The higher the deductible the more you save on insurance premiums.** The “deductible” is the amount the policyholder pays out-of-pocket to repair a home or car before the insurance coverage kicks in. By requesting higher deductibles on a homeowners policy or on collision and/or comprehensive auto coverage, you can lower your costs substantially.
- **If you own an older car,** consider dropping [Collision and/or Comprehensive](#) coverage on the vehicle. If the insured vehicle is worth less than 10 times the premium, purchasing the coverage may not be cost effective. (Remember that for newer cars you have financed, your lender may require you to maintain Collision and Comprehensive coverage.)
- **Make sure your insurer knows** about safety, theft and damage prevention features in your home or car, which may qualify you for a discount. Remember: companies offer many types of discounts, but they do not all offer the same discounts. It’s important to ask your agent or insurance company about any discounts available to you.
- **Maintain a good credit history.** Research shows that people with a strong credit history tend to file fewer claims. Check your credit record regularly and be sure to fix any errors you may see on your credit reports.

For more information, visit NW Insurance Council's website at www.nwinsurance.org or call (800) 664-4942.

NW Insurance Council is a nonprofit, insurer-supported organization providing information about home, auto and business insurance to consumers, media and public policymakers in Washington, Oregon and Idaho.

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