



## **What's Up with Homeowners Insurance Prices?**

The recent increase in Massachusetts homeowners insurance rates has many consumers asking questions about what is happening and why. Arbella Insurance Group offers the following insight.

### **WHY ARE HOMEOWNERS INSURANCE PREMIUMS GOING UP IN MASSACHUSETTS?**

- Actual experience over the previous three to five years is a factor in estimating future loss and expense trends.
- In the past five years, the frequency of severe weather events has increased dramatically, prompting insurance companies and reinsurers to adjust pricing in preparation for future events and the claims that accompany them.
  - Snowiest winter on record-2015; Revere tornado and Winter Storm Hercules-2014; Winter Storm Nemo-2013; Springfield tornado, Tropical Storm Irene, Halloween Nor'easter-2011
- The labor and materials costs to rebuild or repair homes damaged by severe weather has risen significantly in recent years.

### **WILL THE INCREASE BE TEMPORARY?**

- Insurance premiums increase and decrease over time based on the above factors and market conditions.

### **HOW MANY MASSACHUSETTS INSURANCE COMPANIES ARE INCREASING THEIR HOMEOWNERS PREMIUMS?**

- So far this year, a number of Massachusetts' top homeowners insurance companies have raised rates by as much as 10 percent.

### **HOW MUCH MORE SHOULD CONSUMERS EXPECT TO PAY?**

- A \$1,300 homeowners policy could increase between \$60 and \$130. Coverage selection and other customer needs and preferences also play a role in the premium an insured will pay.

### **I'VE NEVER HAD A LOSS. WHY ARE MY RATES INCREASING?**

- Many factors impact whether a consumer will see an increase in their homeowners premium (see above). Although it is true that all insureds share the cost of each other's losses, those who have had losses may pay more for their insurance than those who have not. Homeowners insurance remains one of the best investments you can make.

### **WHAT CAN CONSUMERS DO TO LOWER THEIR HOMEOWNERS PREMIUMS?**

- The most important thing a consumer can do to ensure they are getting the right coverage at the best possible price is to seek the advice of a licensed independent insurance agent.
- Consumers looking to off-set some of this rate increase should consider bundling their home and auto policies, increasing their deductibles, and installing security mechanisms to protect against loss.