

# 5 factors impacting home insurance rates right now.



Home insurance rates are on the rise for many in 2025, and homeowners are feeling the strain of higher premiums. Though a rate increase can be frustrating, our team is committed to doing right by you. That starts with helping our customers understand the factors behind potential price changes. Then we will be here to answer your questions, review your policy, and help you learn additional ways to save.

Wondering what's behind those policy changes? We're breaking down five factors impacting home insurance rates this year.

## **Factor #1: Increasing weather and natural disasters**

According to a recent report from the World Wildlife Foundation, "Disasters have wreaked havoc across the U.S. over the past year, the world's hottest on record. They shook millions of lives and caused billions of dollars in damage. As the climate crisis intensifies, there is no question that the intensity and frequency of extreme weather — often resulting in disasters — is increasing."

From hurricanes to tornados and from fires to floods, insurance companies are paying out more and more to help cover damage and loss, often resulting in higher premiums for consumers.

## **Factor #2: Higher rebuilding costs**

Inflation has increased the costs of building materials, like lumber, steel, and concrete. Labor costs, too, have risen, making home repairs and reconstruction more expensive. Insurance companies have adjusted premiums to align with these increased costs, ensuring they can cover potential claims.

### **Factor #3: Reinsurance rates**

Insurance companies purchase reinsurance — essentially insurance for insurers — to protect themselves from large-scale losses. It helps spread risk, so no single company is overwhelmed by catastrophic events. As disasters become more costly and frequent, reinsurance providers are charging higher premiums, and those costs can trickle down to homeowners.

### **Factor #4: More expensive or fraudulent claims**

A rise in fraudulent claims and higher payouts (due to more expensive damage) are also driving up home insurance costs. Insurers are tightening their policies and adjusting rates to account for these growing risks.

### **Factor #5: Changes in risk assessment models**

To help refine their risk assessments, many insurance companies are leveraging advanced data analytics. While this can lead to more precise pricing, it also means homeowners in high-risk areas may see rate increases based on more detailed risk evaluations.

Knowing what factors are impacting your home insurance rates can help you have a more open and informed conversation about coverage. Talk to a local, independent agent to see how you can get the best rate and protection this year.

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