

What factors impact the cost of your insurance premium? We're breaking it down.



Premiums are shifting rapidly, and many homeowners, drivers, and business owners are left wondering why. Understanding what factors impact the cost of your insurance premium can help you navigate those changes with confidence and make informed decisions about your protection. Curious what's behind the changes? We're breaking it down.

What factors impact the cost of your insurance premium?

The [American Property Casualty Insurance Association](#) shares four primary drivers of rising insurance premiums for today's consumers:

1. **The cost of building materials.** Inflation is increasing both the cost of materials to rebuild and repair homes, commercial spaces, and vehicles, as well as the cost of labor to perform the repairs needed. When repairs cost more, claims cost more, and that can influence premiums for everyone.
2. **Severe weather.** Across the country, storms are becoming stronger and more frequent. From hail and wind to [flooding](#) and [wildfire](#), these weather events lead to more frequent and more expensive claims. Higher catastrophe losses mean the cost of insurance rises across many regions, even for customers who have never filed a claim.
3. **Regulatory burdens.** Insurers at the state level face increasing regulatory requirements that add administrative costs and impact how policies are priced.
4. **Legal system overuse.** Costs to pay claims have risen due to ever-worsening legal system abuses. These include excessively high jury verdicts, deceptive and secretive third-party litigation funding

practices, fraud, and widespread and often misleading attorney advertising.

Since insurance is a risk-sharing mechanism, the price you pay for coverage for your home, business, and vehicle may increase even if you have not filed a claim. That's why you may see rate adjustments even when your personal risk profile remains the same.

Things to do to help keep premiums lower.

While you may not be able to control industry shifts, there are steps you can take to help manage your insurance costs. Here's what our team suggests.

- Work with your agent to [assess your coverage needs](#) and identify areas where you could safely reduce coverage.
- [Explore bundling](#). Getting multiple policies from one carrier may reduce your total premiums.
- Strengthen loss control measures. For example, implementing or updating [workplace safety protocols](#).
- Review optional coverages to decide what's truly necessary.
- [Adjust building values, when appropriate](#), and keep your property well-maintained, [especially your roof](#).

Now that you know what factors impact the cost of your insurance premium, a [local, independent agent](#) can help you apply them. They'll review your coverage, identify savings, where possible, and make sure you have the right protection in place. Talk to one today.

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