

# Why Your Costs May Be Going Up

You live in the same house, on the same block, in the same town as last year. So why might your home insurance premium go up?

**4%**  
**Annual rate of inflation**

(May 2022 - May 2023)\*



## Inflation Hikes

Inflation sent the price of goods and services soaring higher in 2022 than in any year since the early 1980s – hitting 8.3% in August 2021 to August 2022. The rate has come down, but remains well above the annual rate of 0.1% to 2.4% from 2012 to 2020.

Insurance premiums may increase in connection with the rising cost to repair, replace or rebuild insured items that are lost, stolen or damaged.

## Construction Cost

Following a sharp 26% increase from June 2020 to May 2021, building materials and home repair costs have continued to rise. As a result, premiums may also increase to account for these rising prices. The cost of materials such as drywall, concrete, and copper piping have far exceeded inflation in 2022.

**8.2%**  
**Increase in cost of construction materials**

(2022)\*\*



**\$140 Billion**

(2022)\*\*\*



## Natural Disasters

The risk of natural disasters is on the rise, and it is projected to impact insurance premiums. According to recent data, the cost of natural disasters amounted to \$140 billion in 2022.

\*Source: U.S. Bureau of Labor Statistics Consumer Price Index

\*\*Source: National Association of Home Builders survey (June 2021)

\*\*\*Source: Gallagher Re Natural Catastrophe Events Report 2021