



# Know Your Insurance

## Home

Courtesy of HWP Insurance

## Navigating the Homeowners Insurance Marketplace in 2023

Homeowners insurance continues to be one of the essential types of coverage acquired and maintained by Americans in 2023. However, while these policies may be integral components of homeowners' insurance portfolios, being common should not be mistaken for uncomplicated. Prospective and current policyholders should remain apprised of recent economic patterns and relevant industry trends to avoid being blindsided by changes in their coverage or costs.

Heading into 2023, several significant conditions are affecting the homeowners insurance market. Inflation continues to have wide-reaching implications for the U.S. economy, and the insurance market is far from immune to these effects. As the cost of building materials used to repair homes and goods replacing destroyed belongings increase, so too must the cost of insurance. In addition, the increasing frequency of natural disasters has led to a recent surge in homeowners insurance claims, culminating in Hurricane Ian inflicting over \$67 billion in insured damages last fall.

### What to Expect in 2023

Factors that influenced the homeowners insurance market in 2022 are not going to disappear this year. Most policyholders should not be surprised to see their premiums continue to increase, although certain influencers may become less impactful. For example, although construction labor and building material costs continue to affect homeowners insurance costs, recent U.S. Bureau of Labor Statistics show that at least the latter's increasing prices may be leveling off.

Severe weather events and natural disasters will likely remain significant threats in 2023. With that in mind, increasing insurance premiums, specifically in high-risk areas like southern states, should be expected. Fortunately, homeowners in some areas may enjoy some financial reprieve as government officials take action. For example, in December 2022, the state of Florida passed legislation designed to provide a safety net for insurance companies and stabilize the property insurance market.

### 5 Tips for Buying Home Insurance in 2023

Amid market trends and global factors mainly outside of the average policyholder's control, there are still various ways to optimize homeowners insurance coverage and either reduce premiums or minimize increases:

1. **Bundling policies**—By combining multiple components of their insurance portfolio under the same broker, such as home, auto and life, homeowners may be privy to discounts as high as 20-25%. Furthermore, bundling coverage can make it easier for policyholders to manage their insurance portfolios and decrease the likelihood of an insurer dropping them in response to an incident.
2. **Improving homes**—Upgrading property can help secure lower homeowners insurance prices. Potential improvements may include installing new plumbing or storm shutters, upgrading roofs and adding security or fire protection systems.

3. **Reconsidering home features**—Certain additions to your property, such as swimming pools and trampolines, may generate additional risks and exposures. Insurance companies generally must consider such conditions and raise premiums accordingly.
4. **Exploring discounts**—Homeowners who have not filed a claim against their policies for an extended period (generally at least three-to-five years) may receive a discount. Even aspects of a homeowner's life not directly related to their home could earn them lower premiums. For example, many insurance companies may offer discounts for members of the military or certain professions, such as law enforcement officers, firefighters and teachers.
5. **Reassessing coverage**—Some homeowners may be able to find lower rates by shopping around for multiple quotes. Altering the details of coverage may also help to keep premiums from increasing. However, policyholders should proceed with caution when adjusting their insurance. For example, increasing deductibles may lower premiums but also mean higher out-of-pocket costs before a policy will render aid.

For most Americans, homeownership is a dream come true. However, like any significant financial investment, a home must be adequately protected by comprehensive insurance. In 2023, many factors must be accounted for while optimizing homeowners insurance policies.

#### **For More Information**

Maintaining sufficient coverage while controlling costs can be a difficult task. With that in mind, it's essential for homeowners to work with a knowledgeable and experienced insurance agent. For more information, contact HWP Insurance today by emailing [info@hwphillips.com](mailto:info@hwphillips.com) or calling (202) 331-9200.

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