

Why are homeowners' insurance rates on the rise?

All topics discussed below are non-inclusive. Availability, eligibility, and state-specific requirements vary.

Rising construction costs

Higher construction costs have a big impact on rising homeowners' insurance rates. When material and labor expenses go up, so do premiums. Between June 2019 and June 2024, labor for construction trade services rose 40 percent, while the cost of construction materials increased by about the same amount.¹

Claims

- More frequent severe weather events
- Increase in expected cost to fix damage

Home insurance claims costs exceeded premiums collected in both 2023 and 2024³ – an indication premium adjustments may be needed.

Weather catastrophes

When severe weather strikes, it can impact the insurance industry and potentially affect premiums. In 2024, there were 27 confirmed weather/climate disaster events with losses exceeding \$1 billion(B) each across the U.S.²

The total amount State Farm® has paid in catastrophic claims has increased significantly since 2022.

- \$11.4B paid in 2024³
- \$12B paid in 2023⁴
- \$7B paid in 2022⁵



Sources: 1. [Why Home Insurance Costs So Much—and How to Pay Less - Consumer Reports](#) 2. [Billion-Dollar Weather and Climate Disasters | National Centers for Environmental Information \(NCEI\)](#) 3. [State Farm® Announces 2024 Financial Results](#) 4. [2023yearendresults-final](#), 5. [2022-year-end-results](#)

How is homeowners' insurance calculated? ¹

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Risk is calculated by using the probability of a particular event occurring and the potential impact of that event. This allows insurance companies to assess the amount of risk being insured and adjust rates accordingly.



Higher risk = higher rates

Lower risk = lower rates

Some factors that could affect homeowners' insurance rates^{*}

**Factors can vary by state*

- Type of construction
- Estimated cost to rebuild
- Age of utilities
- Coverages selections, including deductibles and endorsements
- Customers claim history
- Location of home
- Roof condition
- Home safety and protective measures
- Credit characteristics

Ways you may be able to lower your homeowner's insurance rates

- Active home burglar and fire alarms
- Updated utilities
- Home and Auto discount
- Automatic sprinkler system
- Utilize impact resistant roof materials

Loss mitigation options that may reduce claim activity and lead to a lower insurance rate

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Property Maintenance

Things like keeping utilities/systems up to date and trimming trees/brush away from the home may result in [insurance savings](#).¹



Impact & Weather Resistant Materials

Consider upgrading to sturdier, more resilient materials such as an [impact-resistant roof](#).²



Policy Review and Endorsements

Review available endorsements that may help make your home more resilient such as Fortified Roof Upgrade, Building Ordinance and Law, Energy Efficiency Upgrade



Home Alert Protection

Consider installing fire and burglary alarms, detection systems (ex: [sprinkler systems](#)³ [water leak detection systems](#)⁵), or devices (ex: [Ting sensor](#)⁴) to alert you to fire or break-ins.¹

Sources: 1. [Why Home Insurance Costs So Much—and How to Pay Less - Consumer Reports](#), 2. [Impact-Resistant Roofing Material That Stands Up to Nature - State Farm®](#), 3. [Home Safety - State Farm®](#) 4. [Help Protect Family From Electrical Fires - State Farm®](#) [Ways to Stay Safe During a Severe Storm or Wind Event - State Farm](#), 5. [Whole House Water Leak Detection Systems - State Farm®](#)