

CONSUMERS CAN MINIMIZE HOMEOWNERS INSURANCE NON-RENEWALS, RATE INCREASES

New IIABA Survey Shows Nearly 2.5 Million Households Lost Coverage Past Two Years

ALEXANDRIA, Va., -A new first-of-its-kind independent consumer survey conducted for the Independent Insurance Agents & Brokers of America (IIABA) confirms that non-renewals and premium increases are becoming more common in the current homeowners insurance market.

However, there are significant steps that homeowners can take to protect themselves in spite of these circumstances, says IIABA and its Trusted ChoiceSM agencies.

The national survey determined that nearly **2.5 million households have lost their homeowners coverage** in the last 24 months. More than half of the households that lost coverage (approximately 1.3 million) are located in the South. Approximately 73 percent of non-renewed households were able to find other coverage.

“When you consider that the number of households losing coverage during a two-year period is more than the combined resident populations of four states—Alaska, North Dakota, Vermont and Wyoming—you realize how many lives are being affected by the shrinking homeowners market,” says IIABA CEO Robert A. Rusbult.

IIABA’s survey also determined that approximately **51 million households (about 42 percent of all American households) experienced a homeowners insurance rate increase** in the last 24 months. Of those households, the rate increases were as follows:

- *Up to 10 percent rate increase* 56.7 percent
- *11-25 percent rate increase* 23.2 percent
- *More than 25 percent rate increase* 13.8 percent
(6.3 percent were undetermined)

“The tough homeowners insurance market understandably has many consumers scratching their heads and worrying about their wallets,” Rusbult says. “Agents are seeing non-renewals and double-digit price increases in virtually every state in the country. But consumers should not feel helpless. They still can affordably protect themselves and their homes even in this difficult market.”

IIABA and its Trusted ChoiceSM member agencies say there are ways consumers can reduce the possibility of facing non-renewal or premium increases from their homeowners insurance company, and offer these tips for homeowners concerned about their coverage in the tightening insurance market:

- **Monitor your claim activity.** Be conscious and cautious and consult your independent insurance agent/Trusted ChoiceSM agent when filing smaller claims. Insurance companies track how many and what type of claims you file. Frequent claim activity, no matter how small, can be grounds for non-renewal. If your claim exceeds your deductible by \$200 or less, consider withholding the claim and paying for the loss out of your own pocket. The out-of-pocket expense to pay the loss will probably be less than the premium increase you likely will pay later if you file a claim. It also keeps your claim record clean and allows you to stay insured for major or catastrophic losses.
- **Stick with one insurance company** and the company may be more likely to stick with you. An insurance company is more inclined to overlook a blemish on your claims record if you are a long-term customer rather than a new one. Annually hopping from one insurance company to another makes it difficult to build a relationship with any company.
- **Bundle your home with other coverages.** Keeping your homeowners and auto policies with one company makes you a more attractive customer. An insurance company may think twice about dropping your home coverage if it may mean losing your auto business, too. That bond can be further strengthened by having a personal umbrella policy—coverage that protects you from rare but potentially catastrophic liability claims and lawsuits. Umbrella policies are a bargain from a coverage

and account stability standpoint, costing as little as \$150 per year. Furthermore, maintaining multiple policies with one company often can lead to significant discounts.

- **Home improvements help.** Your home's wiring, plumbing, heating and roofing should be in good repair at all times. At least twice a year, walk through your home and inspect it for developing problems. Older houses with antiquated systems should be modernized immediately. Your insurance company has the right to inspect your property. It can require repairs for continuity of coverage or decide against renewing coverage on a house considered hazardous. These fixes initially may seem costly, but can be dangerous and ultimately more expensive if ignored.
- **Buyer beware.** If you are shopping for a new home, learn about the house's claim history before you buy it. Ask for a disclosure report, which can be obtained from your real estate agent or the seller's agent. Insurance companies will be wary of a home with previous multiple structural or water-damage claims. It can work against you, even if you were not the owner of the home at the time.
- **Consult your independent insurance agent/Trusted ChoiceSM agency.** Working closely with an independent insurance agent/Trusted ChoiceSM agent may be the easiest way to stay insured affordably. These agents are your advocate when you have a claim or other problem. They have relationships with many different companies and can shop around for the right coverage for you at the best value. The good counsel of an independent insurance agent/Trusted ChoiceSM agent may be your best protection in the current homeowners insurance market.

“Granted, there is no full-proof way for homeowners to avoid a rate increase or being non-renewed by their insurance company, but heeding these precautions can help you become a more valuable policyholder,” says Madelyn Flannagan, IIABA's vice president of education & research. “Independent insurance agents are the ultimate advocate for homeowners because they provide important consumer benefits that can help individuals stay insured. They can shop your needs around to different companies and take you through the process step-by-step to find you the best value and protection. They also are on your side when a claim or other problem arises. Always consult your independent insurance agent before filing a claim.”

The national consumer telephone survey was conducted in April for IIABA by International Communications Research (ICR)—an independent survey firm based in Media, Pa.

For additional information about homeowners insurance and other insurance topics, visit www.TrustedChoice.com.