



What's Happening with Personal Insurance?

Here's What You Should Know

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Inflation hasn't just impacted household budgets – it's also affected insurance rates. Other factors, like natural disasters and long auto repair wait times, are also putting pressure on the personal insurance market. If you're planning to buy coverage soon or your auto or homeowners policy will be up for renewal, this report will prepare you for the current state of personal insurance in 2025.

Homeowners Insurance

According to the [Consumer Federation of America](#), average homeowners insurance rates increased by 24% between 2021 and 2024. That adds up to a total price hike of \$21 billion for American homeowners.

That's just the national average. Some states saw bigger increases. Utah had the steepest price hike at 59%, followed by Illinois at 50% and Arizona at 48%. There's also variation within states. For example, [KSTP](#) says some homeowners in Minnesota have seen their rates double or even triple. Meanwhile, [CalMatters](#) says homeowners in California could face extra fees to FAIR Plan claims from the Los Angeles wildfires.

In 2025, homeowners insurance prices are continuing to rise. Rates for homes under \$1 million in value were up by 3.3% in the second quarter, while rates for homes over \$1 million in value were up by 6.7%.

Source: [MarketScout](#)



Insurance Options Are Decreasing

A large rate hike isn't the only unpleasant surprise facing homeowners: many are finding out that their insurer won't renew their policy. In some cases, insurers are leaving entire states.

Some states have seen insurers go bankrupt, exit the market, or reduce their presence. [Bankrate](#) says it's been particularly difficult to find affordable homeowners insurance in Florida and California after multiple insurers have stopped offering coverage. Florida has lost more than 30 insurance companies, including 11 that went through liquidation in 2024. In California, [Insurance Business](#) says American National, State Farm, Allstate and Farmers all paused new policies or implanted strict caps.

Even insurers that remain in a state may decide to non-renew individual policies. [NPR](#) says that insurers have been using aerial images from drones and satellites to determine whether they want to renew homeowners insurance coverage. In one example, [CBS News](#) says an insurer decided not to renew homeowners insurance for a woman in California after drone footage showed an increase in hazards, clutter and unsanitary conditions. The homeowner says she was in the middle of remodeling, hence the mess.

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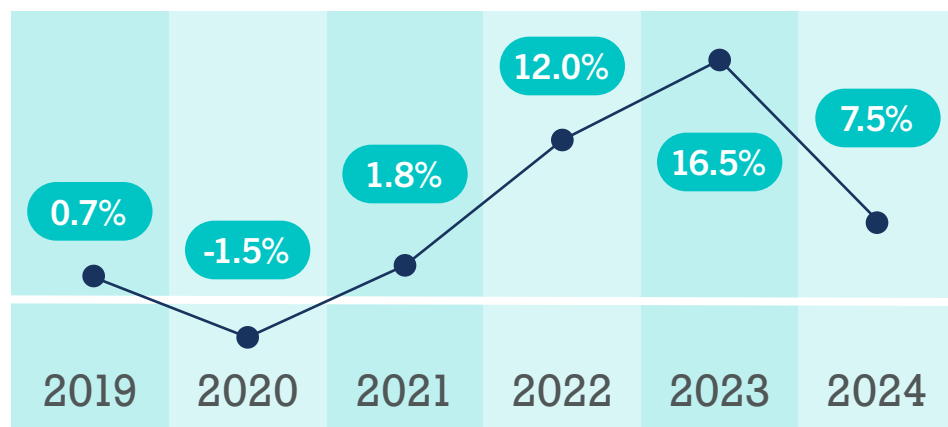
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Auto Insurance

Auto insurance prices have increased by 36% since 2020, according to an [ABC News](#) analysis of BLS data in 2024. Since then, prices have continued to climb.

A report from the [Lending Tree](#) found that average rates increased by 12% in 2023, 16.5% in 2024, and 7.5% in 2025. Although the 2025 rate increase is much more moderate than the 2024 increase, this may not provide much relief for drivers due to the cumulative effect of premium hikes.

National Auto Insurance Rate Changes



Source: [ValuePenguin](#)



The Rising Need for Uninsured Motorist Coverage

Tight budgets and rising auto insurance rates are causing some drivers to go without coverage.

According to the [Insurance Information Institute](#), the percent of uninsured drivers has been increased since 2019, when 11.6% of drivers lacked insurance. In 2023, 15.4% of drivers lacked insurance. Additionally, 18% of drivers were underinsured, and nearly one in five injury accidents involve losses that exceed the at-fault driver's insurance limits.

Since state law typically requires insurance, drivers who go without coverage risk expensive fines, losing their licenses, and having their cars impounded. If you are hit by an uninsured motorist, you can sue the driver. However, if the driver doesn't have any money, it will be difficult to recover anything even if you win. To protect drivers against this risk, many states recommend purchasing uninsured and underinsured motorist coverage. As the number of uninsured motorists grows, the need for this coverage will increase.

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Three Factors Behind the Current Market Conditions

If you're in the insurance business, your goal is to collect enough in premiums to pay all your claims. If premiums exceed claims you achieve an underwriting profit. In recent years, insurers have been experiencing underwriting losses. In fact, [S&P Global](#) says the U.S. property and casualty market experienced a net underwriting loss of more than \$20 billion in both 2022 and 2023.

Underwriting performance improved in 2024, but insurers are still grappling with many of the factors behind the losses seen in 2023 and 2022, specifically rising costs, reinsurance rate hikes and natural disasters.

1 | Rising Construction and Repair Costs

The increase in construction and repair costs is impacting both consumers and insurance companies.

U.S. inflation surged up to 9.1% in June 2022, as measured by the U.S. Consumer Price Index. Higher prices have impacted everything from cars to building materials, with a noticeable impact on insurance claims costs. Inflation has also triggered demand for higher wages, and rising labor costs adds to claims costs. At the same time, insurers have dealt with supply chain issues and material shortages, further driving cost increases.

However, it's not just recent economic factors that are leading to higher auto repair costs. According to [Kelley Blue Book](#), repair costs have increased by 36% since 2018. This is largely due to the increasingly sophisticated – and therefore expensive – technology in modern cars. Many car parts contain sensors. Even minor collisions can damage those sensors, requiring pricey repairs. [Consumer Reports](#) says it should cost about \$300 to \$500 to replace a standard side mirror, but mirrors with Advanced Driver Assistance Systems (ADAS) can cost up to \$2,500 to replace. Bumpers, windshields, headlights, and other parts are also much more expensive to repair.

Add it all up, the cost difference is significant. [LexisNexis](#) says auto claims severity has surged since 2020, noting a 47% increase in material damage.

2 | Higher Reinsurance Costs

Insurers use reinsurance to protect themselves against larger-than-expected losses by transferring some of their risk – reinsurance is basically insurance for insurers. At the reinsurance renewals on January 1, 2023, reinsurance rates increased by 20% to 60% in most property markets, according to [Fitch Ratings](#). Since then, reinsurance renewals have not been so drastic. Nevertheless, insurers are paying significantly more for reinsurance, and passing those added costs onto policyholders.

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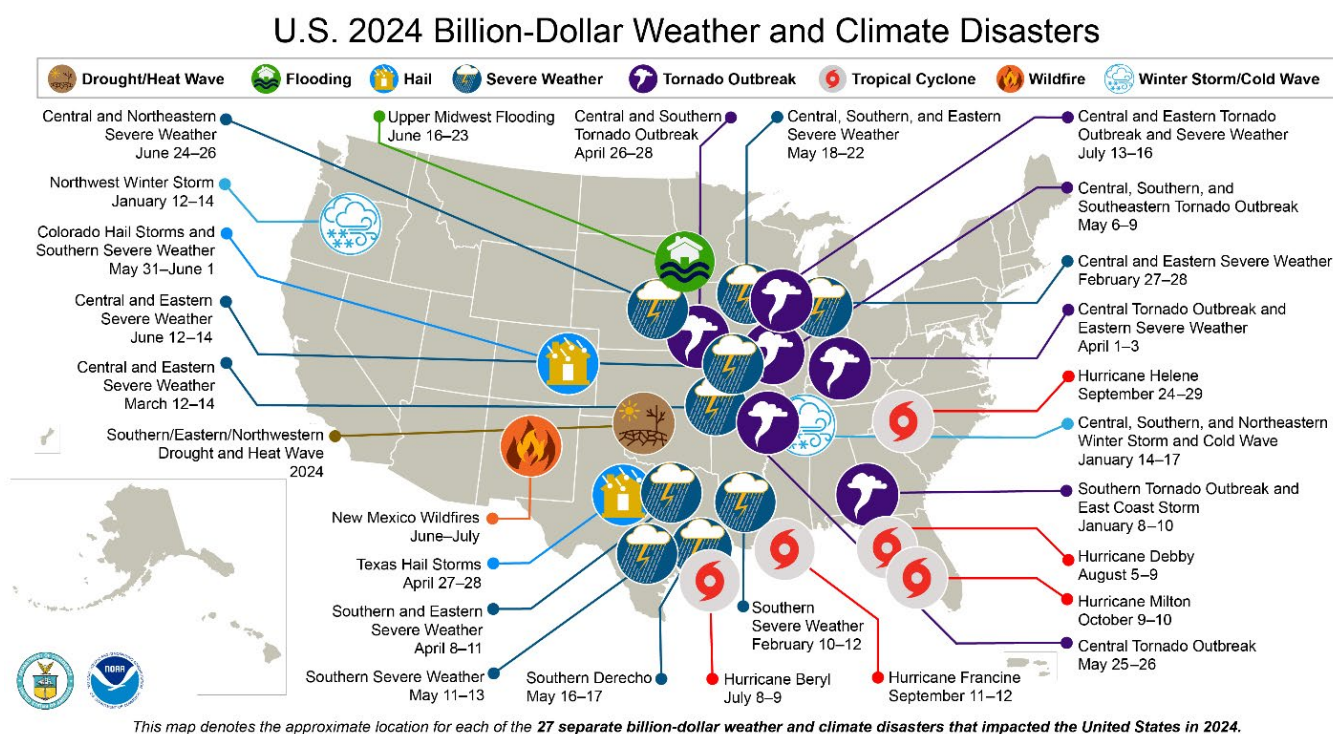
3 | Natural Disasters

There's a reason why California and Florida are seeing some of the worst problems with rising rates and non-renewals: these states are especially prone to natural disasters.

Data from the National Oceanic and Atmospheric Administration (NOAA) shows that the number of natural disasters causing at least \$1 billion in damage has surged in recent years, even when adjusting for inflation. Per year, there were an average of:

- 3.3 events between 1980 and 1989
- 5.7 events between 1990 and 1999
- 6.7 events between 2000 and 2009
- 13.1 events between 2010 and 2019
- 23 events between 2020 and 2024

In 2024, there were 27 weather and climate disasters with losses exceeding \$1 billion. NOAA is no longer tracking billion-dollar disasters as of 2025. However, if current trends continue, we can expect a large number of costly weather and climate events. The wildfires that struck the Los Angeles area in January are estimated to have caused between \$76 billion and \$131 billion in property and capital losses, including \$45 billion in insured losses, according to the [UCLA Anderson School of Management](#).



Hard Insurance Market vs. Soft Insurance Market

What's the Difference?

An insurance market can be hard or soft. Soft markets lead to good insurance buying conditions, while hard markets can make it difficult to find affordable coverage.

Cycles are influenced by insurers' profitability, which is determined by losses paid out and return on investment income. When the insurance market's losses are higher than expected year after year, a hard market can result. These cycles can have a big impact on your home and auto policies.



Hard Insurance Market

(stormy buying conditions)



Soft Insurance Market

(good buying conditions)

Insurers Become Highly Selective	Insurers Compete for Your Business
Insurers May NOT Want Your Business	Everybody Wants to Insure You
It Can Be Hard to Get Approved	It's Easy to Get Approved
Rates Go Up	Rates Go Down
Coverage Limits Go Down	Coverage Limits Go Up
Your Policies May Not Be Renewed	Policies Are Automatically Renewed
Strategy & Advanced Planning are Essential	Strategy & Planning Are Less Urgent
It's Smart to Shop Multiple Carriers	It's Still Smart to Shop Multiple Carriers
RIGHTSURE Will Help You Get the Right Coverage at a Good Price	RIGHTSURE Can Get You the Most Coverage for the Least Money

The Insurance Market is Hardening Now.
Trust RIGHTSURE to Help You Be Ready!

To learn more, visit RIGHTSURE.com or call 877-917-5295.

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How to Prepare for Your Insurance Renewal

While rate increases are never welcome news, they're not quite as painful when you know they are coming, and you have time to prepare. Here are some suggestions to help you navigate:

1. Start planning early.

Take a close look at your budget and reach out to your RightSure agent so we have time to creatively explore your options.

2. Call us to brainstorm potential solutions.

If you need to keep your monthly premium within a certain budget, let us know. We can collaborate with you to find ways to save money. Sometimes that might involve adjusting your deductible, your coverage limits or your coverage types. We can help you weigh the pros and cons of every option.

3. Sit back and let RATEGuard™ work for you.

We automatically shop your coverage with 40+ carriers to guarantee you receive the most competitive insurance rate available. This means you never have to waste your time calling around – our cutting edge technology does all the legwork for you.

4. Maintain and protect your property.

Insurers prefer to provide coverage for properties that are well-maintained. Keep good records of major updates such as roofs, windows, and HVAC systems. Be aware of risks in your area and demonstrate that you've taken steps to protect your property against common exposures such as wildfire and flood.

5. Leverage discounts.

Your RightSure team will search for every discount available. Let us know of your association memberships and potential good student discounts for teen drivers. Also, if you have multiple policies you may be eligible for bundling discounts.

RightSure's Famously Friendly Humans Are Here for You!

Now, more than ever, it's important to have an experienced insurance partner working for you. When you reach out to RightSure, you will be helped by famously-friendly humans who go out of their way to make sure your experience is always top notch. We are proud of our people and our female-led executive team – and our results speak for themselves: We are North America's most awarded insurance firm!