



Personal Insurance Pandemonium

How Rate Hikes and Non-Renewals
Are Catching Consumers Off Guard

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When your insurance policy is up for renewal this year, you might be hit with a shocking price hike. Even worse, your insurance company may inform you that they're canceling your policy.

Premium increases and non-renewals have become increasingly common for personal insurance policies. This is a difficult situation for many drivers and homeowners, but there's no need to panic. With the right insurance partner by your side, you can secure the coverage you need to protect yourself and stay within your budget.



Why Are My Homeowners Insurance Premiums So High?

Many homeowners are wondering why their premiums are going up. The fact is homeowners insurance costs are spiking across the country – it's not just you.

Homeowners insurance costs in the U.S. increased by an average of 24% between 2021 and 2024.¹ Based on these averages, if you were paying \$1,500 a year in 2021, you could expect to pay \$1,860 in 2024 – an increase of \$360. Worse, this comes at a time when homeowners are also grappling with higher costs for food and other basic necessities.

Some areas have seen even steeper price hikes. Premiums in Utah surged by 59%, while premiums were up 50% in Illinois and 48% in Arizona.¹

More price increases may lie ahead. In California, State Farm received approval for an emergency rate increase in response to the Los Angeles fires.² Other insurers are likely to raise prices, as well, and it's estimated that premiums will rise by 21% in California.³

What's going on?

Simply put, personal insurance companies have been paying more in claims and related costs than they've been earning through premiums. To return to underwriting profitability, they've been raising rates.⁴

Why are your premiums increasing?

- **Various factors are impacting rates.** Natural disaster losses have surged, and economic inflation has caused claims to become more expensive.
- **Individual factors also impact rates.** Your insurer may raise your rates if you've filed a claim or if the insurer considers your property to be high risk – for example, due to an old roof or fire hazards on the property – even if you haven't filed a claim.

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What Is Going On with My Auto Insurance Rates?

It's not just homeowners who are feeling the pinch of rising premiums – auto insurance rates are also surging.

As with homeowners insurance, auto insurance premium increases are the result of poor underwriting performance. Auto insurers have been paying more in claims. As a result, they're raising their premiums.

Countrywide, auto insurance rates increased by 16.5% in 2024 and then by 7.5% in 2025 on average. Auto insurance prices have been climbing for seven years in a row, and the average cost is expected to reach an all-time high of \$2,101 in 2025.⁵

Although price hikes have slowed somewhat in 2025, the cumulative effect of recent increases is likely to be a financial burden for many drivers. Since 2020, premiums surged by 36%.⁶



Will 2025 bring relief?

Average prices are expected to increase by 7.5%.⁵

Why are your premiums increasing?

Many reasons.

- During the COVID-19 pandemic, fatal car crashes increased.⁷
- Many areas have also seen increases in car thefts.⁸
- Car repairs may cost more due to economic inflation, repair shop backlogs caused by labor and supply shortages, and more sophisticated car technology that may be more expensive to fix.
- Individual factors also impact rates. If you file a claim or are found to be at fault in a crash, your rates may increase. DUIs, speeding tickets, and other moving violations may also trigger rate increases.

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Can My Insurance Carrier Cancel My Policy?

If you've received notice that your insurer will not be renewing your policy, you may be wondering whether insurance companies are even allowed to do that. If you've been paying your premiums on time, are insurers allowed to drop your coverage?

In general, they are allowed to do so. States may have rules restricting when insurers are allowed to drop coverage in the middle of a policy period or what type of notice they must give.

Some states also have special rules, such as California's one-year moratorium on homeowners insurance non-renewals in certain areas with wildfire risks. However, insurance companies are generally allowed to decide not to renew a policy when a policy period ends.

If you receive notice that your insurer will not be renewing your policy, there could be several possible explanations.

- **Your insurance company has failed.** Insurance insolvencies have been a growing problem, especially in hurricane-battered Florida. At least 15 Florida property insurers have gone insolvent since 2020, whereas Louisiana has had at least eight insolvencies.⁹
- **Your insurance company is leaving your region.** Insurance companies have been pulling out of states with high losses, particularly Florida and California. Property insurance companies that have left or limited coverage in California in recent years include Allstate, State Farm, Farmers, and USAA.¹⁰
- **Your policy is considered too risky.** For example, your auto insurer may decide not to renew after a DUI. There have also been reports of homeowners insurance companies using drones to monitor properties and dropping coverage if they find signs of deferred maintenance or other risks, such as a roof in poor condition or debris in the yard.¹¹

Homeowners insurance policy periods are typically **12 months**.

Auto insurance policy periods are typically either **six or 12 months**.

When your policy renews, you could be hit with a rate increase, change in terms, or notice of non-renewal.

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What Should I Do If My Insurer Cancels My Policy?

If your insurer is not renewing your policy, you will need to take action to ensure you maintain coverage.

This is particularly important if you are required to maintain insurance coverage. For example, states typically require drivers to maintain car insurance. A lapse in coverage could expose you to fines and even license suspension.

If you have a mortgage or car loan, your lender will require homeowners insurance or auto insurance, respectively. If you don't maintain coverage, your lender may require you to pay for a more expensive force-placed policy that protects only the lender from losses.

You also need to consider what would happen if you had a major loss – such as a car crash or a house fire – without coverage. Could you handle the repairs out of pocket? If not, how would you get to work without a functioning car or where would you live if your house was uninhabitable?

There are a few things you can do if you receive a notice of non-renewal:

- **Determine why your insurer is not renewing your policy.** Has your insurer has gone insolvent or is the insurance company leaving your state and therefore canceling all policies? Or is your policy considered too risky? If you're unsure, reach out to your insurance company or agent.
- **Consider negotiating with your insurance company.** If your insurance company is canceling your policy due to a hazard on your property, you may be able to address the issue. You should also find out if you have protection through the California one-year moratorium on non-renewals or something similar.
- **Shop around for a new insurance company.** Although one insurance company has decided not to insure you anymore, other insurance companies may be happy to provide you with coverage. If you cannot find insurance through any traditional insurance companies because your property is very high risk, you can secure coverage through your state's insurer of last resort.

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How Can an Agent Help Me?

Insurance price hikes and cancellations may be scary, but the right insurance agency can guide you through the process to ensure you don't overlook any options.

Independent insurance agencies can:

- **Secure discounts.** Many insurance companies offer discounts to make coverage more affordable. However, you may not find out about some of these discounts unless you ask. An insurance agent can help you explore possible discounts for bundling your coverage, smart home systems that reduce your risk, and more.
- **Manage your risks.** Insurance agents know what insurance underwriters are looking for and can provide advice on how to make your application more attractive. Such actions could also help you avoid claims, which will result in even bigger savings in the long run.
- **Shop around.** Since independent insurance agents contract with multiple insurance carriers, working with one gives you the best shot at finding affordable and comprehensive insurance. Agents may also have access to exclusive programs and nonstandard insurance companies to provide you with even more options.
- **Advocate for you.** When you're facing non-renewal, premium hikes, or claims, it helps to have an insurance professional in your corner.

RIGHTSURE is here for you. We're licensed in all 50 states and have the industry knowledge and insurer relationships necessary to help you secure coverage in this challenging market. When you reach out to RIGHTSURE, our team of famously-friendly humans will go above and beyond to provide you with a positive experience. Find out for yourself why we are North America's most awarded insurance firm.

Sources:

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2. [CalMatters](#)
3. [CNBC](#)
4. [S&P Global](#)
5. [PR News Wire](#)
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8. [National Insurance Crime Bureau](#)
9. [Bloomberg Law](#)
10. [The Press Democrat](#)
11. [Business Insurance](#)

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.

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