

# PERSONAL INSURANCE INSIGHTS

LloydSadd



## Market Trends: Rising Home Insurance Rates

Home insurance prices fluctuate based on your home's location, value, age and construction materials.

The national average for home insurance is around \$960 per year, according to rate aggregator websites like ratehub.ca. Rates have increased steadily in areas with extreme weather like floods, wildfires, tornadoes or hurricanes. And with inflation driving up the cost of materials and labor, prices have skyrocketed.

### DON'T CANCEL YOUR INSURANCE COVERAGE

Even if you own your home outright, you may have a legal obligation to maintain insurance. Homeowners may be tempted to drop their insurance to save money, but going without insurance isn't recommended. Here's why:

#### YOU WON'T HAVE ENOUGH MONEY TO RE-BUILD AFTER A DISASTER.

You might be tempted to skip home insurance altogether. If you go this route, you'll need enough cash to rebuild your house. Essentially, you're self-insuring. Remember, you already paid for the house once; you'll pay for it again without reimbursement. And it's always more expensive the second time around. All the things driving up your home costs are why insurance companies are charging more.

#### LENDERS AND COSIGNERS REQUIRE IT.

Home insurance isn't legally required, so you can own your

home without insuring it. But most people have a mortgage lender or another financial stakeholder in their home, and those institutions require homeowners to carry insurance.

#### CONDOMINIUM ASSOCIATIONS REQUIRE IT.

Most condominium associations which oversee condominiums and insure the actual facilities and buildings, require condo owners to have personal condo insurance coverage to cover their belongings, their liability and any improvements.

Insurance protects everyone. From leaking water that could damage a neighbouring unit to a fire that could gut an entire residence, you'll want protection. Home insurance guarantees that owners have the funds to repair or rebuild.

#### IT'LL BE HARDER TO GET COVERAGE LATER.

Going without coverage can make you appear riskier to some companies. And don't let your policy lapse in a hard market, either. Some companies will take it as an opportunity to drop you for good, leaving you scrambling for coverage. Sign up for auto pay to ensure your payments are made on time.



## WHAT TO DO ABOUT RISING INSURANCE RATES

You can do a few things to minimize costs or get more out of your current spending:

**Ask your broker for a coverage review.** If you haven't looked at your coverage in a while, now's the time. Insurance is a risk management tool. You can use it strategically to help cover what matters to you. Ask questions and see if there are ways to reduce your premiums. You might be paying for things you don't need anymore, especially if you've gone through life changes like a divorce or retirement.

**Know your credit score.** Some insurance companies use credit scores to calculate your insurance premiums. If your score has increased significantly, you might ask your broker to shop around. You might qualify for lower rates, better coverage or both.

**Bundle your coverage.** Some companies offer multiple policy discounts to get your business. Ask your broker to run the numbers and see if you could save by combining your home and auto policies.

**Know your insurance premiums before you buy.** You might have a dream home in mind, but the insurance rates might cause more sticker shock than the home price. Call your broker if you're in the home-buying market to see if the area you love is also an insurance nightmare. It's

one more piece of information to have before you buy.

**Keep your property in good condition and report changes.** Insurance companies can use drones and satellites to monitor homes. They can legally look for problems with roofs and chimneys. Others might ding you for having an unreported trampoline in your backyard since it's an attractive nuisance and can affect your liability. Some insurance companies might look for reasons to drop customers in a tight market.

## CALL YOUR BROKER AND ASK FOR A REVIEW

Insurance premiums will rise based on inflation and catastrophic events. You can use some of these tips to manage your premiums and avoid surprise cancellations. If you're up for renewal soon, call your independent broker 60 days ahead of the renewal. This will give them time to scan the market. They can shop different insurance companies for the best prices for your needs.

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**If you have questions specific to your business, or would like additional information, please reach out to your Lloyd Sadd Advisor.**

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