

# HOMEOWNER'S INSURANCE

## *Homeowner's & Renter's Insurance Tips*

According to the Wisconsin Office of the Commissioner of Insurance, although Wisconsin enjoys some of the nation's lowest homeowners insurance premium rates, it's not immune to the homeowners insurance market changes being experienced by most of the country. Premiums are increasing and insurers are tightening their underwriting standards. These changes in the homeowners insurance market can be attributed to a lackluster performance in investment markets and more than usual natural disasters recently.

Over the last several years, the United States has been experiencing an unusual number of natural disasters resulting in many more claims made to homeowners insurers. Think of the damage caused by the wildfires in the West, the hailstorms in the Mountain States, the tornadoes in the Midwest, and the hurricanes and tropical storms along the coasts. While some natural disasters occur each year, it seems that over the last several years, they have been more severe, more frequent and occurring at odd times. Very severe tornadoes went through Kentucky, Tennessee, Indiana and Ohio in November. Tornado season is usually long past by mid-November. (Wisconsin, too, has experienced an increasing number of severe storms; the Ladysmith tornado over Labor Day, the tornado in Siren and the windstorm in Manitowoc and Sheboygan counties, just to name a few.)

Insurers invest the premium dollars they collect to pay for future claims, so investment income is another important component of an insurer's ability to pay claims. The below-normal performance of their investment portfolios coupled with increased claim activity has resulted in many homeowners insurers raising premium rates and tightening underwriting standards.

What can informed insurance consumers do in this kind of market? The first thing to do is check with an insurance agent to see if the premium can be lowered by increasing the deductible. Nowadays, a \$50 or \$100 deductible on homeowner's insurance may not make sense. Think about the main reason for homeowners insurance -- protection from catastrophic events. Raising that deductible to \$250, \$500, or even \$1,000, if they can afford it, should save consumers more in premium than the amount of the rate increase with the current deductible.

It's these times, when so many major homeowners insurance companies are tightening up underwriting standards and raising their rates, it's good to be a smart insurance consumer.