

# How the economy affects insurance rates

Rising costs are a concern for both insurance companies and consumers. Inflation, higher interest rates, increased costs, and weather and climate events all affect the cost of insurance coverage.

**Here's a look at some of the factors that may be influencing what you pay.**



## Auto

- 1 Supply chain shortages have made it difficult to repair vehicles efficiently and at a low cost.<sup>1</sup>
- 2 Nearly 80% of collision repair shops are scheduling appointments 2 weeks or more into the future.<sup>2</sup>
- 3 Driven by rising prices, the amount insurers paid to cover claims increased by \$30 billion in 2021.<sup>3</sup>

Costs have increased:

**19.5%** for motor vehicle repairs<sup>4</sup>

**9.9%** for motor vehicle parts and equipment<sup>4</sup>



## Home

**Prices for materials continue to rise:**

**12.5%**  
Floor coverings<sup>4</sup>

**18%**  
Drywall<sup>5</sup>

**14.8%**  
Concrete products<sup>4</sup>



There are more frequent and severe weather and climate events, including wildfires and hurricanes.<sup>6</sup>

The annual cost of natural catastrophes around the world is estimated at \$123 billion.<sup>7</sup>

There has also been a surge in nonweather-related water damage, such as plumbing leaks.

**Each year:**

There's approximately  
**\$8.24 billion**  
in these types of property losses.<sup>8</sup>

**1 in 60**  
insured homes has a claim  
caused by water damage  
or freezing.<sup>9</sup>



As we all navigate a changing economy, there are plenty of ways to save with a Nationwide® policy. Talk with your agent today to review our **products and discounts**.

[1] "Repair Costs & Labor Issues Affecting Insurers in 2023," [agencyheight.com/car-repair-costs](https://agencyheight.com/car-repair-costs) (Jan. 9, 2023).

[2] "Crash Course 2022 Mid-Year Update: Gearing Up for What's Ahead," [cccis.com/news-and-insights/insights/crash-course-2022-mid-year-update-gearing-up-for-whats-ahead/](https://cccis.com/news-and-insights/insights/crash-course-2022-mid-year-update-gearing-up-for-whats-ahead/) (May 31, 2022).

[3] "Countering inflation: How US P&C insurers can build resilience," [mckinsey.com/industries/financial-services/our-insights/countering-inflation-how-us-p-and-c-insurers-can-build-resilience](https://mckinsey.com/industries/financial-services/our-insights/countering-inflation-how-us-p-and-c-insurers-can-build-resilience) (Aug. 25, 2022).

[4] Bureau of Labor Statistics/Nationwide Economics (December 2022).

[5] "CoreLogic Quarterly Construction Insights Q4 2022," [corelogic.com/wp-content/uploads/sites/4/2022/12/QCI-Q4-22.pdf](https://corelogic.com/wp-content/uploads/sites/4/2022/12/QCI-Q4-22.pdf) (accessed Jan. 26, 2023).

[6] "Global Warming frequently asked questions," [climate.gov/news-features/understanding-climate/global-warming-frequently-asked-questions](https://climate.gov/news-features/understanding-climate/global-warming-frequently-asked-questions) (Oct. 29, 2020).

[7] "Global Average Annual Insured Losses from Extreme Events in Excess of \$120 Billion, New Report from Verisk Finds," [verisk.com/newsroom/global-average-annual-insured-losses-from-extreme-events-in-excess-of-\\$120-billion-new-report-finds/](https://verisk.com/newsroom/global-average-annual-insured-losses-from-extreme-events-in-excess-of-$120-billion-new-report-finds/) (Sept. 28, 2022).

[8] "WaterRisk: The first and only predictor of non-weather water claims," [locationinc.com/water-risk-data](https://locationinc.com/water-risk-data) (accessed Jan. 26, 2023).

[9] "Facts + Statistics: Homeowners and renters insurance," [iii.org/fact-statistic/facts-statistics-homeowners-and-renters-insurance](https://iii.org/fact-statistic/facts-statistics-homeowners-and-renters-insurance) (accessed Feb. 10, 2023).