



## Study: Home and auto insurance cost increases stretch Americans' budgets

Steps to lower the cost of insurance, while continuing to protect your home and vehicle.

Written by [Assurance IQ Team](#)

Inflation is cooling across many spending categories, bringing much-needed relief to American families struggling to manage rising costs. But the price of home and auto insurance continues to rise, with insurers pointing to rising repair costs and an increase in disaster-related claims as the culprits.

If rising insurance premiums (aka, your monthly or quarterly payments) are stretching your budget, you're not alone. According to a survey conducted by [Assurance IQ](#) in September 2023, most Americans with insurance (63%) experienced an increase in their home or [renters insurance](#) premium in the last 12 months. Even more (67%) saw their auto insurance premiums rise. Just over half (51%) said they are cutting spending on nonessentials because of rising insurance prices, while 45% are saving less money.

Over half of Americans (57%) indicated they were either "extremely" or "very concerned" about being able to handle future increases. On the home insurance front, around 13% of respondents said rising home insurance rates were prompting them to consider moving to a different state altogether.

So, how can you bring down the cost of insurance, while continuing to protect your home and vehicle?

There are several steps you can take:

### **1. Shop around to find the best rate.**

Less than half (47%) of Americans plan to shop around for home/renters and auto insurance quotes in the next year, according to the survey. But most people should take this step, according to Kate Long, consumer financial wellness advocate at Assurance IQ.

"Since each insurer prices risk differently, it's in your best interest to seek quotes annually and get the most

competitive rate,” Long said.

It’s also important that you know what coverage you need when you request quotes. Long notes that there are free tools, like Risk Factor, that can help you assess this. If you are in a flood zone, for example, you may want to purchase a [flood insurance](#) policy on top of standard homeowners insurance.

Working with a licensed insurance agent who sells policies from multiple carriers can help streamline this process, she added.

## **2. Consider bundling home (or renters) and auto.**

Purchasing your home/renters and auto insurance from the same carrier can help you secure a better overall rate. Most carriers offer cost incentives to do so, with [savings](#) being around 10% to 15%, on average. Additionally, having both policies with the same carrier can help simplify the process of managing your policies or handling claims. According to the survey, 15% of consumers intend to explore bundling their policies within the next year.

## **3. Raise your deductible, pay a lower monthly premium.**

A deductible is the amount you pay for damages or repairs before your insurance kicks in. Say you get into an accident and the repair to your vehicle will cost \$1,500 but you have a deductible of \$500. You will pay \$500, and your insurance company will pay the rest, or \$1,000. Most insurance companies are willing to lower your monthly premium if you raise your deductible.

According to the research, 13% of respondents are considering raising their [auto insurance deductible](#), while 9% are considering the same for their home or renters insurance, to lower costs within the next year.

“If you’re taking this step, just make sure you have enough in your emergency savings account to cover the higher deductible,” said Long. “Otherwise, you might not have enough funds to cover a critical repair when you need to.”

## **4. Ask about repairs or upgrades that could lower your premiums.**

If your home insurance rates recently went up, call your insurance company and ask if there are repairs or upgrades you could make that would lower your premium. While repairs and upgrades are costly, they may save you money long term by lowering your insurance premium, mitigating costly damage or by increasing the value of your home. For example, in California you can take actions that would help protect your home from a wildfire and pay for an inspection and designation that may make your home eligible for insurance discounts.

## **5. Don’t cancel your insurance.**

One thing not to do, according to Long, is drop either your home or auto insurance in light of rising rates. According to the survey, 20% of respondents said they were considering dropping auto insurance while 16% were considering canceling their home or renters insurance.

“The cost of insurance can be significant but consider the even bigger potential cost of repairing your home or vehicle from damage, or of personal injury from an accident that you could be liable for,” Long said. “Insurance is an important tool to protect your family’s finances from taking a significant hit when something unexpected occurs.”

## **Methodology**

*Assurance IQ surveyed 1,076 U.S. adults age 18+ from Sept. 8 to 11, 2023. The data were weighted to the U.S. population by nine demographic questions.*