

Your NC homeowners policy rates are among the lowest of any state in the southeast. And relatively speaking, they should remain that way. But brace yourself, homeowners insurance in North Carolina is not only getting more expensive, it is also becoming harder and harder to find.

Most insurance companies that write auto insurance and home insurance in North Carolina, also insure homes and cars in other states all across the country. The losses that they pay are aggregated across their entire book of business. This is usually a good thing as a big storm in one state can be balanced out by a profitable year in other states. In 2011 this formula did not work out well for most insurance companies as 2011 was a year of storms and weather related losses all across the country. While it takes a bit of time for the numbers to work their way through the system, it is a pretty easy call to say that insurance rates for homes in North Carolina will almost certainly be increasing in 2012.

The numbers aren't all in yet, but the insurance industry has suffered 4 straight years of record losses for homeowners insurance policies. These losses have to be made up somewhere and that somewhere will be the rates that you pay for your home insurance. Here are some numbers to show you the trends that the insurance industry has been fighting against for the past 4 years. In 2008 the average cost for a homeowners policy in the United States was \$791. In 2009 that number climbed to \$799 and in 2010 it went to \$807. The 2011 number is estimated to be about \$840. For 2012 we can expect a national increase of about 5%. However, in NC, where we had heavy hail losses last Spring, combined with the underfunded beach plan and the uncertainty that this situation causes for insurance companies, I think you can expect rate increases of more than 5% as well as an increasingly shrinking market for homeowners insurance.

We have already see a number of insurance companies starting to place limits on the homeowners policies that they will write. Many now require that you place your auto insurance with them or they will not write the home insurance at all. Others have even closed their doors to all new homeowners insurance policies while still others are reducing their homeowners exposure in NC by nonrenewing a number of policies in their book of business.

So what can you do to protect yourself and your home from this troubled environment? First of all, use an independent agent. If you choose to use a direct writing company such as a State Farm, Nationwide, Allstate or Geico, bear in mind that if your insurance company takes drastic action, then your agent will probably not have an alternative solution for you. This could leave you scrambling for coverage in tight marketplace. Also, be sure to combine your home and

auto insurance with your independent agent to place them both with the same insurance company. This will save you money and will make you a more important client to that insurance company. If your insurance company begins to take action to reduce their homeowners exposure in NC, then your account is less likely to be affected and if it is, since you used an independent agent, you are more likely to have the help you need to keep continuous protection in place for your home.