

North Carolina homeowners insurance has been unprofitable for most of the insurance companies doing business in the state for several years now. The rates are just too low to support the losses that occur under those policies. In addition, the sneaky rules that the legislature pushed through in 2009 to shift some of the costs of insurance for beach houses on to the rest of the homeowners in the state, still leaves a lot of risk exposure for the insurance companies doing business in North Carolina. The result is that writing home insurance in NC is and has been a good way to lose money for a couple of years now. And we are now beginning to see the tip of the iceberg in terms of the insurance companies' reactions to this situation.

Right now, two of the largest writers of homeowners insurance in NC are changing their rules to require that their policyholders also buy auto insurance from them or the homeowners policy will be cancelled at the next renewal. The cancellations and nonrenewals are expected to affect about 72,000 home policies in North Carolina between these two companies.

Is it legal to require auto insurance to go with a homeowners insurance policy? Yes in fact it is; the insurance department does not regulate the underwriting guidelines that the insurance companies adopt. Of course, in most cases it is to your advantage to combine your home and your auto insurance with the same insurance company since you will generally receive discounts for doing so. But there are some cases where the insurance company may not be willing to write your auto insurance either because they don't like your driving record, your claims record or even the type of car you drive. If this happens to you, then purchasing your home insurance becomes much more difficult.

So what do I see when I look into my crystal ball for homeowners insurance in North Carolina? Well, more and more companies are trying to be more careful about the homeowners insurance that they write. If you have a large account with lots of cars and a high value home, then you should not have any trouble getting insurance set up, unless you have a claims history or driving history that indicates that you are a high risk client. But homeowners rates are already going up. We are seeing rate increases from almost every company in the state, many taking effect this December. Based on the loss ratios for homeowners insurance in this state, I don't think that this rate increase is the end, rather it is just the beginning. Insurance companies will continue to raise their homeowners insurance rates and toughen up their underwriting rules for what they will accept for the next few years. In South Carolina, you could expect to pay nearly twice as much for the same policy that you are buying in North Carolina. This will tell you that over time you may end up paying nearly double what you pay now for a homeowners policy in NC.

For those of you with bad auto insurance claims or driving history, or those who just don't own a car, there are still some other options for you. There are several insurance companies who will write stand-alone homeowners insurance policies without the auto insurance being included. The number of companies that will do this will drop off over time as more and more insurance companies will begin to tie your home insurance to your auto insurance but there are still a few insurance companies that don't even write auto insurance in NC. If these stand-alone companies can survive, then they will provide an alternative for those of you with no auto insurance or with high risk histories.

More than ever, it is important that you select an agent that can help you with all of your insurance needs, from home insurance and auto insurance to life insurance and business insurance. Clinard Insurance Group insures thousands of households all across North Carolina and our homeowners insurance market is healthy and open for business. If you need any help with your insurance policies and if you like having your own personal agent that you can call when you need help, someone who knows you and cares about you, then please, give us a call, toll free at 877-687-7557. We would love to help you.