

Northern Finnish Mutual Survey

Please email at office@northernfinnishmutual.com , mail at 41396 State Hwy 13, Marengo WI 54855, or call at 715-278-3944 the office with your response to the following. Your input will be considered as your Board considers decisions as we move forward to both protect the policyholders and your Town Mutual.

Should adjustment of loses, given rising repair costs further impact NFM, or to keep up with inflation cost, which actions would you as member owners most support?

1. _____ change in standard deductible (currently \$1,000)
2. _____ increase in rates
3. _____ leave it up to each policyholder to raise their own coverages
4. _____ temporary surcharge
5. _____ insurance to Value, Coverage A increase
6. _____ other idea(s) _____

References used: (Used 2nd)

1. **11-10-21 From Sept to Oct materials price changes were normal, but Final Demand prices jumped what could be considered an entire year's worth of increase in just one month. We've been watching the price pass thru increase slowly, until now. This is the single largest monthly increase in Final Demand pricing since the indices were started in 2006.**

As of 11-10-21, nonres bldgs inflation for 2021 is estimated at 6.8% and residential at 15%. The 2022 forecast is estimated at 4.5% for nonres bldgs inflation and 7% for residential

<https://edzarenski.com/2021/01/26/2021-construction-inflation-e1/>

2. [Tiffany Hausmann](#) December 1, 2021 3 min read

Homeowners Insurance and the Rising Cost of Building Materials

Recent findings from the National Association of Home Builders (NAHB) confirmed that household construction costs have surged over the past year. This rise in construction costs is directly tied to soaring building material expenses—namely, the price of lumber. According to the NAHB, current lumber costs are up 340% from 2020. What's more, lumber prices have already risen by an additional 67% since the beginning of 2021.

There are several reasons for these higher expenses. Specifically, both the COVID-19 pandemic and the presence of historically low interest rates have contributed to a rise in home purchases and renovation projects—thus elevating the demand for building materials. Nevertheless, this increase in demand has been met with supply shortages throughout the construction industry. In the midst of greater demand and lower supply, building material prices have subsequently soared.

Unfortunately, this surge in costs could pose coverage consequences for homeowners across the country. After all, increased building material and construction prices could lead to higher homeowners insurance claim expenses, seeing as it would currently cost more to repair or rebuild a home following a loss.

As a result, homeowners could discover that their existing policy limits and coverage features no longer offer adequate protection—leaving them financially vulnerable in the event of a loss. Further, homeowners insurance carriers may increase policyholders' premium costs to account for the risk of elevated claim expenses.

In light of these ongoing cost concerns, it's important for homeowners like you to respond accordingly. As such, consider taking the following measures:

- **Review your policy.** Be sure you fully understand your homeowners insurance policy. Take note of whether you have replacement cost coverage (which can offer compensation for the cost of replacing or rebuilding your home as new) or actual cash value coverage (which can offer compensation for the depreciated value of your home). Ensure your policy provides a correct replacement cost or overall value for your home.
- **Consider coverage adjustments.** Consult a trusted insurance professional to help you determine whether you need to adjust your policy to have sufficient coverage in the event of a loss. This may entail changing your policy's valuation method, increasing your current limits, obtaining specialized coverage or implementing a policy endorsement.
- **Communicate with your insurance carrier.** Lastly, make sure to inform your homeowners insurance carrier whenever you conduct renovations or implement other improvements in your home (e.g., adding a new deck or remodeling the bathroom). Update your policy as needed.