



# MAJORITY OF INSURED HOMEOWNERS AT RISK OF BEING UNDERINSURED AMID HIGH INFLATION & INCREASED BUILDING COSTS

A new APCA/Harris Poll survey reveals a majority of insured homeowners across the country have not taken important steps to ensure their insurance coverage is keeping pace with rising inflation, including increased building costs and potential reconstruction delays due to labor or materials shortages, which could leave policyholders underinsured if catastrophe strikes.

Inflation hit 8.5% in March 2022 - a 40 year high, but **two-thirds** of homeowners may be without key additional coverages that can better protect them in these challenging market conditions.

The price of construction materials rose by 44 percent from December 2019 through December 2021<sup>2</sup>, but only **30 percent** of insured homeowners have purchased more insurance or increased coverage limits to compensate for rising building costs.

Among insured homeowners who completed renovations or remodels during the pandemic, only **40 percent** updated their home insurance to account for those changes.

## Many Insured Homeowners Lacking Key Coverage Features that Can Help Prevent Underinsurance

### Annual inflation adjustment

**coverage:** automatically adjusts your coverage amount at each renewal time to help keep up with rising costs



**Sixty-three percent** of insured homeowners say they have not or are not sure if they have added annual inflation adjustment coverage

### Extended replacement cost

**coverage:** increases coverage available to rebuild your home when labor and material costs skyrocket after a natural disaster



**Sixty-seven percent** of insured homeowners say they have not or are not sure if they have added extended replacement cost coverage to their policy

### Building code/ordinance coverage:

increases coverage to help comply with any new building code or green energy ordinances



**Sixty-nine percent** of insured homeowners say they have not or are not sure if they have added ordinance coverage for new energy or building code upgrades

## Many Insured Homeowners Have Not Taken Critical Steps to Be Financially Prepared for Disasters

### Conduct an annual review of your insurance policy



**Only 36%** of insured homeowners reviewed their policy less than a year ago

### Update your policy annually to ensure you have enough coverage



**Only 30%** of insured homeowners updated their policy less than a year ago

### Create and/or update an annual home inventory



**Only 20%** of insured homeowners created or updated a home inventory less than a year ago; 25% of insured homeowners have never created a home inventory

**Prevent Underinsurance:  
Call Your Insurer or Agent to Make Sure You Have Adequate Coverage**

#### SOURCES:

- 1- <https://www.marketwatch.com/story/coming-up-consumer-price-index-for-march-11649764935>
- 2- <https://www.apci.org/attachment/static/5963>

#### SURVEY METHOD:

This survey was conducted online within the United States by The Harris Poll on behalf of APCA from April 12-14, 2022 among 1,204 U.S. homeowners ages 18 and older, among whom 1,094 have a homeowners insurance policy. The sampling precision of Harris online polls is measured by using a Bayesian credible interval. For this study, the sample data is accurate to within + 2.8 percentage points using a 95% confidence level. For complete survey methodology, including weighting variables and subgroup sample sizes, please contact Sarah Revell at [Sarah.Revell@apci.org](mailto:Sarah.Revell@apci.org).



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