



# What's behind the rising cost of commercial property insurance



Historic increases in the costs to maintain and repair property are leading to rising insurance costs, and policyholders are paying more out of pocket after a loss if they haven't adjusted their coverage to keep up. Here are some of the factors driving cost increases that we are all facing:

## Construction

### Material costs have seen their biggest spike since 1970<sup>1</sup>

Steel-mill products are up **112.9%** from February 2020<sup>2</sup>

Plywood is up **84.7%** from February 2020<sup>2</sup>

Lumber materials are up **28.7%** from 2021<sup>2</sup>

## Supply chain disruptions and worker shortages

### Pandemic-related issues are contributing to inflation<sup>3</sup>

Supply costs have risen **9.6%** year over year<sup>3</sup>

Costs to ship a container from Asia have risen **tenfold** since 2020<sup>4</sup>

A near all-time high of **11.2 million** job openings is driving up wages<sup>3</sup>

Wages have increased for all major labor trades — **6%** for carpenters, **23%** for siding installers<sup>2</sup>

Wage growth has fueled a **6.8%** rise in costs of goods and services — the largest increase in 40 years<sup>3</sup>

Congestion at shipping ports is leading to **delays and increases** in prices<sup>4</sup>



### Billion-dollar events are occurring at a record pace<sup>5</sup>

There has been a **37%** jump in billion-dollar disasters over the past 5 years<sup>5</sup> compared to 2000-2009

**86 high-cost disasters** in the past 5 years vs. 63 in 2000-2009<sup>5</sup>

Total cost of billion-dollar disasters from 2017-2021 is \$742.1 billion, or an average of **\$142.4 billion** a year - triple the inflation-adjusted annual average for the previous 42-year period<sup>5</sup>.

Reviewing policy details and coverage limits can help ensure full protection if a loss occurs.



Learn more about how to avoid costly losses and disruptions at [Mylosscontrolservices.com](https://mylosscontrolservices.com).

<sup>1</sup> <https://bdmag.com/construction-costs-see-largest-spike-50-years/>

<sup>2</sup> U.S. Bureau of Labor Statistics Producer Price Index report (2022).

<sup>3</sup> <https://fortune.com/2021/12/15/worker-shorter-inflation-more-expensive/>

<sup>4</sup> <https://www.nytimes.com/2022/01/12/business/inflation-supply-chain.html>

<sup>5</sup> <https://www.climate.gov/news-features/blogs/beyond-data/2021-us-billion-dollar-weather-and-climate-disasters-historical>



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