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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

Prices of construction materials have eased but remain historically high¹

Steel mill products **cost double** compared with pre-pandemic levels.²

Concrete prices rose at the fastest rate in 34 years.¹

Lumber materials cost about **42% more** than they did pre-pandemic.¹



Supply chain disruptions and worker shortages

Ongoing supply chain and labor issues are contributing to inflation¹

The trucking industry estimates about **78,000 truck drivers are needed** to meet demand.³

41% of businesses have increased prices as a result of supply chain bottlenecks.¹

An estimated **10.3 million job openings** are contributing to a worker shortage.⁴

Rising interest rates are making it more expensive for businesses to borrow money and make investments.⁵

The semiconductor shortage has slowed goods reaching the market and contributed to inflation.⁶

Congestion at shipping ports is leading to **delays and increases** in prices.⁷



Billion-dollar events are occurring at a record pace⁸

The **18 billion-dollar weather disasters** in 2022 (totaling \$165 billion) was the third highest amount of billion-dollar events in history (behind 20 events in 2021 and a record 22 in 2020).⁹

There have been **104 high-cost disasters** in the past 6 years vs. 63 in 2000-2009.⁸

The total cost of billion-dollar disasters during 2017-2021 was \$742.1 billion, or an average of **\$142.4 billion** a year — triple the inflation-adjusted annual average for the previous 42-year period.⁸

Reviewing policy details — such as ensuring property valuations and coverage limits are updated — can help provide full protection if a loss occurs.



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

¹ <https://news.sap.com/2022/10/us-supply-chains-in-2023-new-research-forecast/>

² <https://www.nahb.org/blog/2022/10/building-materials-down-in-september>

³ https://ata.msgfocus.com/files/amf_highroad_solution/project_2358/ATA_Driver_Shortage_Report_2022_Executive_Summary_October22.pdf

⁴ <https://www.bls.gov/news.release/jolts.nr0.htm>

⁵ <https://marketscale.com/industries/business-services/as-interest-rates-climb-why-businesses-should-think-twice-about-slowing-spending/>

⁶ <https://www.cnbc.com/2022/04/29/semiconductor-shortage-intel-ceo-says-chip-crunch-to-last-into-2024.html>

⁷ <https://www.flexport.com/research/ocean-timeliness-indicator/>

⁸ <https://www.climate.gov/news-features/blogs/beyond-data/2021-us-billion-dollar-weather-and-climate-disasters-historical>

⁹ <https://www.noaa.gov/news/record-drought-gripped-much-of-us-in-2022>



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