

INSights



A FOREST INSURANCE PUBLICATION



Why Are My Insurance Premiums Increasing?

HOW PANDEMIC-TRIGGERED HOME INFLATION COSTS ARE IMPACTING PREMIUMS

The real estate market is HOT! And prices for new and existing homes are at record highs. With everyone moving, upgrading, and remodeling, [home insurance](#) is more top-of-mind—and more important—than ever. But despite Covid protocols starting to ease, pandemic-triggered lifestyle changes have caused insurance premiums to spike. Let's take a closer look at what's behind these sudden rate spikes:

HOME INSURANCE, INFLATION AND THE RISING COST OF BUILDING MATERIALS

While we hope no one ever has to experience a total loss, it's important to consider the financial impact of having to rebuild your home and how these costs are tied to inflation. Rebuilding a home after a loss requires a lot of raw materials—and recently the prices have risen to alarming levels. According to the [Bureau of Labor Statistics](#), the cost of some construction materials tripled in the last decade. And in the last year alone, the price of copper—used for wiring and plumbing—has increased more than 50%, while the cost of lumber has doubled.

DEMAND VS. SUPPLY

So what's driving the rising cost of materials? Covid shutdowns, labor shortages, tariffs, renovation and building demands have all played a part. People are spending more time at home—working, studying, self-isolating—and making spaces more utilitarian, multifunctional, and comfortable has become a top priority. Covid-driven home renovations and upgrades have created a massive increase in demand for building materials, and supply has not been able to keep up, causing prices to spike.

THE IMPACT ON HOMEOWNERS

Even if you aren't moving or remodeling, increased cost of building materials will affect your home insurance coverage in two major ways:

Rate Increases

The rising costs of building materials—coupled with the recent uptick in natural disasters—have, in turn, caused home insurance premiums to increase, as policies up for renewal are often adjusted for inflation.

Inadequate Replacement Cost

In addition to the effect on premiums, another repercussion of home inflation is that current replacement cost limits may be too low as a result of these dramatic increases. In other words, since your cost to rebuild now is likely much higher than it had been pre-Covid, you may not have enough coverage to protect your home and finances should you experience a loss.

THE BOTTOM LINE

While this incredible increase in building material costs may be temporary, no one knows just how temporary this situation will be. Prices may remain high for months or years following a return to “normalcy” within the supply chain. Until then, ask your agent to ensure you have adequate policy limits and protections in place. Be sure to inform them of any recent upgrade or improvements you've made—plumbing, electrical, roof, alarm system, etc.—to ensure you're taking advantage of any and all available discounts. ▲

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WHY ARE MY RATES INCREASING?	\$20 FOR EVERY REFERRAL
TRIVIA	CHARITY OF THE QUARTER
MILESTONES	CLIENT(S) OF THE QUARTER
BOAT, WATERCRAFT, & RV INSURANCE	REFERRALS

Forest Insurance welcomes your insurance-related questions. Visit us at www.forestinsured.com or submit a question to info@forestinsured.com.



Olympic

TRIVIA

ANSWER THE QUESTION BELOW FOR
A CHANCE TO WIN A \$10 GIFT CARD

*What do the five Olympic rings
represent?*

BONUS QUESTION
(for an additional \$10 gift card)

*The official motto of the Olympics is
"Citius, Altius, Fortius." What does
it mean in English?*

Email your answers to trivia@forestinsured.com
for a chance to win a \$10 gift card.

*Congratulations to Al & Imgard Swanson,
who correctly guessed the answer to last
issue's trivia question was The Second
City—the ironic comedy club and first
improv theater troupe to be continually
based in Chicago. Thank you to everyone
who submitted answers.*

HAPPY BIRTHDAY

Judy Shelstad (7/19)

Dan Browne (7/31)

Marcia Johnson (8/15)

Melissa Keshen (8/25)

Gina Costello (9/10)

Susan Huizinga (9/25)

HAPPY FI ANNIVERSARY

Dan Browne (43 yrs)

Susan Huizinga (2 yrs)

Maria Jamroz (3 yrs)

Gina Costello (1 yr)

Jeanine Veldman (8 yrs)

What to Know Before Hitting the Open Road (or Water) This Summer

IMPORTANT FACTS ABOUT BOAT,
WATERCRAFT, AND RV INSURANCE

Boat and Personal Watercraft Insurance

While most states—including Illinois—do not require boat owners to carry boat or [personal watercraft insurance](#), not having coverage puts you at significant risk. If you cause an accident while on the water, an injured party could sue to cover their medical expenses and damage to their property. Having the right amount of liability insurance reduces your exposure and protects your assets. In some cases, a homeowner's insurance policy will extend coverage to a boat—as long as the watercraft is relatively small. However, these policies typically provide minimal protection, include gaps that leave you vulnerable, and contain low liability limits that may not cover the full amount of a court-ordered award or settlement.

What does a boat insurance policy cover?

A standard policy typically covers damage resulting from a collision, fire, lightning, theft or vandalism, and may cover those risks even if they occur on land, per the [Insurance Information Institute \(III\)](#). Protection usually extends to the boat itself as well as motors and attached equipment like anchors. [Boat insurance](#) generally includes liability protection to defray any expenses incurred after an accident involving your watercraft.

Who does boat insurance cover? Who needs to be on my policy?

Your boat insurance coverage provides protection to any operator listed on your policy. Your policy may offer some protection for operators not listed on your policy who you occasionally allow to use your vessel.

Boat Rental Insurance

Before you buy a boat, renting is a good way to try it out with minimal commitment. Before purchasing coverage through the rental company, consult your insurance agent to see if you have current coverage under your policy that might extend to watercrafts. Some credit cards also offer rental insurance perks. Renters are normally only responsible for physical damage to the watercraft and injuries either to passengers or to others on the water—not engine or mechanical issues.

Mobile Home / RV Insurance

Car renters benefit from their auto insurer extending much the same coverage to the cars they rent as to the vehicles they own. However, not all companies and states allow such coverage for an RV—or for extended rentals (a month or longer). It's important to verify whether your collision coverage will extend to the full value of the RV (which is likely much higher than your car).

For those looking to purchase—rather than rent—a motor home, be sure to select an appropriate motor home insurance policy. While minimum coverages are required to register your motor home, it's important to choose a policy that incorporates the recreational value of your motor home (and doesn't treat it as another automobile).

Whether your [Motor Home / RV Insurance](#) needs are travel trailer, fifth wheel, camper, or Class A Motor Home Insurance, Forest Insurance offers you a variety of motor home insurance coverages—including maximum coverage protections. ▲

For more information on boat, watercraft, and RV coverage, contact your local Forest Insurance advisors at (708) 383-9000 or www.forestinsured.com.

Charity of the Quarter Hephzibah



Q2 Wrap Up: For every referral we received during April, May, and June, we donated \$20 to [Oak-Leyden Developmental Services](#). In all, we were able to donate \$900 to [Oak-Leyden](#) for the second quarter of 2021. Thank you for helping support a great organization!

For Q3, our Charity of the Quarter is [Hephzibah Children's Association](#). So, for every friend, colleague or family member you refer to us for a quote in July, August, or September, we'll send YOU a \$10 gift card, and also donate \$20 to [Hephzibah](#)! ▲

Founded in 1897, Hephzibah is Oak Park's oldest social service agency, and provides short- and long-term group homes for abused and neglected children; child welfare and family services; foster care and adoption program; and award-winning day care on a sliding scale for families of all income levels.

Hephzibah's Diagnostic Treatment Center is the only diagnostic shelter in Illinois for children between ages 3 and 12. Hephzibah—including group homes for neglected and abused children, comprehensive services for children and families in crisis, foster care, adoption and day care—enhances the safety and well-being of children while preserving the dignity of parents and families.

Please visit www.hephzibahhome.org to learn more.

Announcing \$20 to Charity for Every Referral

[Forest's referral program](#) just got even better—we've doubled our charity donation to \$20 for every single referral!

This means that by telling others about your great experience with Forest Insurance, you'll not only impress them with your smart choices (by getting the best insurance at the best rate), you'll also generate \$20 to a local charity in need!

So if you're happy with the personalized service and tailored coverage you receive from Forest Insurance, please help us spread the word.

For more information Forest's referral program or to submit a referral, visit www.forestinsured.com/referral-program/ or www.forestinsured.com/refer-a-friend/.

CLIENT(S) OF THE QUARTER

Congratulations to Miguel & Catherine Nathwani—who were randomly selected from the list of clients who referred business to Forest Insurance last quarter. We'll be sending Miguel & Catherine a \$100 Visa Gift Card as our way of saying thanks.

SIMPLIFY YOUR LIFE

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CAN CONSOLIDATE ALL YOUR
INSURANCE ACCOUNTS

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REFERRALS

When you refer someone to Forest Insurance, we'll send you a \$10 gift card and enter your name into our quarterly raffle. We'll also make a \$20 donation to our Charity of the Quarter, which, July through September, is [Hephzibah](#).

Thank you to our clients who referred a friend or family member during April, May and June:

Bad Attitude, LLC
David Bethard
James Botana & Monica Khetarpal
Erin Brzozowski
Jonathan Campbell & Kim Jackewicz
Cannan Aviation Inc.
Pasqual Cesario
Dan Coffin
CrossFunction LLC
Anthony Cuda (2)
Dulce Hogar Inc.
George & Lenore Elsener
Myriam Espitia
First 2 Train Corp.
Jerry Frank
Kim Friedl
Dennis & Mary Sue Gurka
Wayne Harrison
Joe Haycraft
HM-OPBC, LLC
Kara Keller
Ron Kelley
Charles & Lynne Kern
LaBotz, Inc.
David Leopardi
Little Explorers Learning Academy Inc.
Richard Lyons Sr
Mark & Suzanne Magro
Paul McCoy
James & Dawn Mizgala
Mundo de Juguete Day Care Inc.
Miguel & Catherine Nathwani
Will Neely
Michael & Irene Ochoa
Anita Peterka
Bill & Peggy Ramette
Rochelle's Little Angels Day Care
Steve & Janet Rouse
Carlos Santiago
Timothy & Jennifer Stratman
Together for Childhood Network
Tu Segundo Hogar Inc.
Rich & Debra Van Der Molen
Qiang Zhang



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trusted solutions.
vast possibilities.

Leadership



Dan Browne



Cathy Hall

Contact us for more information
about our services and products:

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Our Team



David Klans



Linda Carrera



Melissa Keshen



Nichole Hoppe



Mike Frontzak



Diane Villagomez



Cecilia Saavedra



Maria Lopez



Cristine Saucedo



Susan Huizinga



Bonnie Casper



Fred Arkin



Judy Shelstad



Marcia Johnson



Gina Costello