



HORIZON

2026 Property & Casualty Report

PERSONAL LINES

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The personal insurance market is expected to move into a “transitional” phase, shifting away from the extreme hard-market pressure of the past several years. Rate increases in auto and home may begin to stabilize, but affordability, underwriting scrutiny, and catastrophic weather exposure remain central pressures. Stability does not mean simplicity.

For individuals and families, the pressure is no longer just premium. It is alignment. Policies that worked five years ago may not reflect how assets, lifestyles, and exposures have evolved.

ON THE HORIZON.

Key shifts influencing risk, highlighting where pressures are building and expectations are changing.

Weather is reshaping household risk

Severe convective storms, hail events, wind, and water losses continue to influence underwriting appetite and deductible design across many regions.

What’s shifting is not just frequency, it’s severity. Repair costs, labor shortages, material inflation, and longer rebuild timelines are increasing the total financial impact of even routine property losses.

Recovery expectations now require consideration of:

- Higher deductibles
- Longer contractor timelines
- Coverage limitations tied to roof age or materials
- Prior claims history

Rebuild costs are outpacing general inflation, with data indicating repair costs have jumped nearly 30% in the last five years.

Factors impacting rising costs:

- Tariffs/Regulations
- Labor shortages
- Inflation

Source: National Association of Home Builders





The New Reality of Weather and Insurance

Weather volatility is no longer a rare-event discussion. It's a household financial planning factor.

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PERCENTAGE-BASED DEDUCTIBLES

Based off percentage of home's value, ranging from 1-10%

Example:

For a home insured at \$300,000, a 1% deductible results in \$3,000 paid out of pocket. On a \$10,000 claim, the remaining \$7,000 would be covered by insurance.

Loss sharing is increasing

Carriers are not eliminating risk; they are redistributing it. Wind and hail deductibles, percentage-based deductibles, cosmetic roof exclusions, and higher base deductibles are becoming more common. These changes represent a structural shift in how catastrophic risk is shared between insurers and homeowners. For many households, this means greater out-of-pocket responsibility per event, even when coverage is in place.

Underwriting is becoming more individualized

Auto and home insurance are increasingly tailored to the individual. Usage-based auto programs, credit-driven pricing models, smart-home monitoring credits, and refined property underwriting are creating wider variation between households. Two neighbors with similar homes may now have very different coverage structures, pricing, and deductibles.

Personalization increases precision, but it also increases complexity. Small coverage details can materially affect how a claim responds.



COVERAGE TO WATCH

Personal Umbrella Liability

Auto liability claim severity continues to rise, driven by higher medical costs, larger jury verdicts, and increased litigation complexity. Even routine accidents can escalate into significant financial exposure.

Primary auto limits that once felt sufficient may no longer reflect today's severity environment.

Umbrella coverage provides excess liability protection above home and auto policies and is increasingly becoming a foundational part of household risk strategy.

When risks grow, your protection should grow with them.

Explore how an umbrella policy adds the extra layer many families need.

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OVERLOOKED RISKS.

Where those shifts are already affecting outcomes, creating friction across claims, recovery, and financial impact.

Technology and liability exposure at home

Smart-home systems, connected security, remote work environments, and personal data storage introduce new gray areas between property, liability, and cyber exposure.

A cyber event can now trigger financial, operational, or reputational consequences for individuals, particularly those operating side businesses or managing rental properties.

The exposure is less about technology itself and more about dependency on it.

Valuation drift

Home values and rebuild costs have shifted quickly over the last several years. Many homeowners increased limits reactively, but few have pressure-tested whether those values reflect:

- Custom finishes or renovations
- Detached structures
- Finished basements
- Ordinance and law exposure
- Rising labor and material costs

Underinsurance often doesn't surface until a total loss occurs. The gap between assumed value and actual rebuild cost can significantly delay recovery.

Deductible shock

Higher and percentage-based deductibles change how losses are experienced financially.

Many households have not recalibrated emergency reserves or risk tolerance to reflect these structural shifts. Deductible design is no longer a minor policy detail. It is part of a broader catastrophe strategy.

Understanding how deductibles apply before a loss occurs is critical to avoiding financial strain afterward.

M3 LENS: CLOSING THE GAP BETWEEN RISK AND REALITY.

Insurance is becoming much more personalized and more complex. This equates to more choices, more personalized pricing, and a greater need to understand coverages. The most important thing isn't just finding the lowest premium, it's understanding your risks and making informed coverage decisions that will truly protect you when a loss occurs.

Today's policies are more customized than ever. This means that small details can make big differences during a claim. Our team is here to walk through your protection plan with you to ensure everything still fits your goals, your risks, and your budget. Affordability matters, but resilience matters more.



PRIVATE CLIENT SOLUTIONS.

Standard policies are not built for high-complexity portfolios. A customized insurance review brings coverage into alignment with lifestyle demands, asset composition, and legacy priorities.

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Now is the time to step back and evaluate how your protection plan would respond under today's claim environment, before a loss tests those assumptions. Connect with your Elevate advisor to assess how your coverage aligns with what is on the horizon.