

What's causing the higher-than-usual increase in property value-ups at renewal?



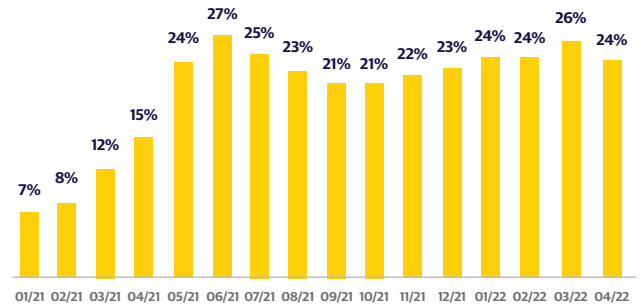
A perfect storm of market forces has driven up the cost of construction – and with it the cost of insuring real property for repair and replacement. Higher property value-ups offset these inflationary factors and keep your customers' businesses insured to value so we can make them whole in the event of a loss.

Skyrocketing construction costs

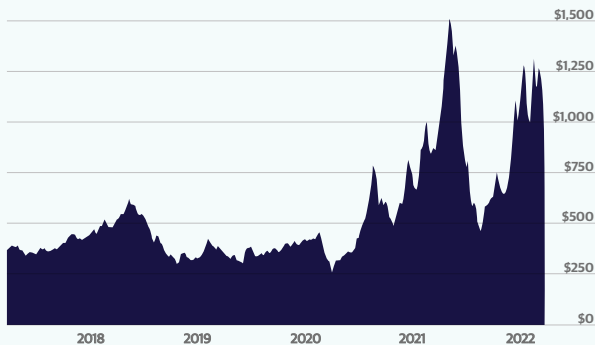
Nonresidential construction costs have risen dramatically – more than 20% over the past year.

Source: Producer Price Index: Net Inputs to New Nonresidential Construction

Increase in nonresidential construction cost vs. prior year



Lumber prices per thousand board feet



Higher materials costs

Lumber costs have played an outsized role in that increase, more than tripling since early 2020.

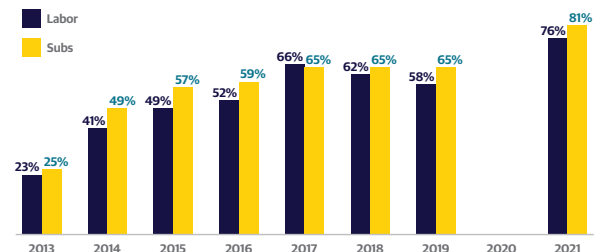
Source: Nasdaq

A shortage of skilled labor

The construction industry is currently facing a shortfall of at least 200,000 skilled trade workers. More than 55% of surveyed builders report a skilled labor shortage.

Sources: Home Builders Institute, National Association of Home Builders

Percent of remodelers reporting direct labor and subcontractor shortages for 12 trades*



* Carpenters (rough), carpenters (finished), electricians, excavators, framing crews, roofers, plumbers, bricklayers/mason, painters, weatherization workers, HVAC workers, and building maintenance managers