

## PERSONAL INSURANCE

# Growth of Solar Panel Use for Homeowners

## What to Know



## The Growing Popularity of Solar Panels

Solar energy has gained traction in both residential and commercial sectors due to its environmental benefits and long-term financial savings. In the U.S., over 2.7 million homes are estimated to have solar panels installed, a number that continues to grow as technology advances and costs decline.

## Impact on Property Value and Risk Assessment

Solar panels can increase a home's value, making it a more attractive asset for potential buyers. However, they can also complicate how insurers assess risk.

- **Higher property values:** Solar panels generally increase a property's resale value. In many cases, insurers may need to adjust property valuations to reflect this added value, especially if the system is integrated into the structure (e.g., a solar roof) rather than a standalone addition.
- **Increased risk of damage:** Solar panels are an additional asset that must be covered under property insurance. Although solar panels are designed to be durable, they are still susceptible to damage from extreme weather events like hail, high winds, or hurricanes. For insurers, this translates into a new layer of risk that needs to be assessed, especially in regions prone to storms, such as Florida or the Gulf Coast.

## Coverage for Solar Panels

Solar panels are typically covered under a homeowner's insurance policy, but the coverage depends on the specifics of the policy and the insurer's underwriting rules. Here's how insurance coverage works and how it is affected by the installation of solar panels:

- **Property coverage:** Standard homeowners' insurance may cover solar panels as part of the dwelling or structure coverage, assuming the panels are permanently installed.
- **Liability coverage:** Solar panel systems can sometimes lead to liabilities if they cause damage to someone else's property or injuries. For instance, the homeowner could be liable if a panel falls due to poor installation or a storm and damages a neighbor's property. Most homeowners' policies include liability coverage, but homeowners should review their policies to ensure their solar setup is adequately protected.



## Challenges and Risks

- **Roof space:** Not all homes have enough roof space to install enough panels to meet their energy needs. This can be a limitation, but ground-mounted solar arrays can sometimes provide an alternative.
- **Upfront costs:** Even with incentives, the initial cost of installing solar panels can be significant, though financing options like loans, leases, or power purchase agreements (PPAs) are available to help reduce upfront costs.
- **Hurricane damage:** Solar panels can be vulnerable to high winds, though modern systems are designed to be durable. Insurance and maintenance considerations should be factored into the cost.
- **Storm damage risk**
- **Climate adaptation**

## The Future of Insurance in the Solar Era

As solar energy adoption continues to grow, the insurance market must adapt to the evolving risks associated with these technologies. Integrating solar panels into homes and businesses is reshaping how insurers assess risk, calculate premiums and design policies. As more people turn to renewable energy, the industry will likely see the development of more specialized and comprehensive coverage options to address the unique needs of solar energy systems.



## How Brown & Brown Can Help

Connect with our Brown & Brown team to learn about our knowledge in your industry, how we build our risk mitigation strategies and how we can aid your business in building a cost-saving program.



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