

‘A Band-Aid on a bullet wound’: New federal home insurance rule could leave you paying thousands out of pocket for a damaged roof

Money Wise

While Americans were thrilled when the summer season began in late June, a slew of severe storms has likely dampened the mood for many in recent weeks.

And the timing couldn't have been worse. As Americans gathered to celebrate the country's 250th birthday on July 4, hundreds of thousands reportedly celebrated without power due to the combination of severe storms and a deadly heat wave.

In Colorado, a storm littered a highway with significant hail just a few days before the celebrations began, which came just weeks after another storm with hail the size of grapefruits damaged many homes and vehicles in the area.

While extreme weather events such as this are enough to spoil any celebration, the damage these storms can leave behind is of much greater concern for homeowners. Hail, for example, can lead to damaged roofs, broken windows and dents in the gutters and siding of a home.

As homeowners in Colorado assess the recent damage to their homes, those who discover extensive damage to their roofs could have a tough decision to make: file a claim with their insurance provider, which could trigger a 7% to 10% premium increase, or cover the cost of repairs or replacement themselves.

How a federal rule change shifts roof costs onto homeowners

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<https://uphelp.org/a-band-aid-on-a-bullet-wound-new-federal-home-insurance-rule-could-leave-you-paying-thousands-out-of-pocket-for-a-damaged-roof/> Date: August 16, 2026

As MarketWatch reports, the Federal Housing Finance Agency revealed in March that Freddie Mac and Fannie Mae, two government-sponsored enterprises that help to stabilize the U.S. housing market, will now permit home insurance policies to only provide actual cash value (ACV) coverage for damaged roofs.

With this kind of policy, an insurer only has to cover the depreciated value of roof repairs or replacement rather than footing the entire bill, which would leave the homeowner to cover the rest of the cost out of pocket.

“For example, if hail damages your roof and it costs \$10,000 to replace it, a replacement-cost value policy would pay out \$10,000 minus a deductible,” MarketWatch reports. “But if you have an ACV policy, the insurer will consider the age and condition of the roof before determining a payout. So if the insurer determines the roof is worth \$2,000, the remaining \$8,000 falls on the homeowner.”

The Trump administration reportedly touted this rule change as a win for affordability, adding that it could help with lowering insurance premiums for Americans. And while that’s true — ACV premiums can be anywhere from 10% to 20% cheaper than replacement-cost value premiums — the costs that homeowners will have to pay out of pocket for a damaged roof could wipe out those potential savings.

With this in mind, housing experts such as Lindsay Frangie, a branch partner at Alcova Mortgage, are speaking out about whether this new rule will actually make homeownership more affordable.

“I think it’s a Band-Aid on a bullet wound,” Frangie told MarketWatch, adding that if a policyholder is “not prepared and they get a hailstorm or tornado, they are going to be in for the surprise of their life when they get that bill from the roofer saying, ‘Hey, your insurance is only covering \$9,000, you owe another \$9,000 to put a new roof on.’”

Making matters even worse is that many policyholders likely aren’t even aware that they have an ACV policy. As Amy Bach, director of United Policyholders, explained to MarketWatch, some insurance agents tend to “brush off the details” when selling policies.

“The amount of commission [agents] would earn by recommending more coverage is not worth it to them against the risk of them losing you as a customer because of the price point,” said Bach.

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