

[As Insurance Soars, Homeowners Ask: Is It Worth It?](#)

Newsmax

In the face of inflated supply costs and extreme weather wreaking havoc, home insurance rates have shot through the roof, leaving many Americans begging the question: is owning a home worth it?

Retired high school teacher Anjali Tierra is one homeowner who has been without home insurance for the past five years, USA Today reports. Tierra, 58, took out a policy in 2018 after purchasing a three-bedroom home in the Tehachapi Mountains in southern California.

Even though she lives in an area of the country with a “very high” chance of forest fires, Tierra was able to secure a policy for less than \$100 a month, which she thought was affordable.

The following year, the insurer sent her a renewal notice for \$350 a month, so she dropped the policy, confident she’d be able to find an affordable replacement — only to find out insurance companies considered her home uninsurable.

“Every year, usually in the springtime, I will start to do the research again,” Tierra explains. “I will just randomly choose an insurance company to see if they’ll cover me. Since 2019, I’ve been rejected by every single insurance company, large and small.”

Tierra is among the 12% of Americans now doing what’s called “going bare,” or living without homeowners insurance, according to the Insurance Information Institute. This is up from 5% in 2019.

“It is a very concerning trend as catastrophe losses continue to escalate,” says Mark Friedlander, director of corporate communications at the Institute. “It is not feasible for most Americans to pay out of pocket for a significant loss to their property.”

While lenders charged fees that can be twice the cost of insurance on mortgage holders without insurance, 40% of Americans own their homes outright — and have decided to gamble on having no insurance.

Instead, these homeowners are saving up for repair costs instead of paying a premium. Many are also protecting their homes against such disasters as a fire by clearing brush and trees from their property, installing water sprinkler systems inside their homes, and ember-proof vents on the roof.

Insurance experts think it's an outsized risk.

"You're gambling on whether your property is going to sustain a loss," says Tim Zawacki, S&P Global Market Intelligence's principal research analyst for insurance. "When you look at things like some of these hurricane forecasts that are out there, and data regarding the frequency of severe convective storms, that's a risky bet."

What if an earthquake, flood, mud slide or fire completely destroys a home?

"The majority of homeowners' net worth is tied up in their homes," notes California consumer insurance advocate Amy Bach. "You can lose most of your net worth in one severe weather event if you don't have insurance."

Bach, founder of United Policyholders, reveals just how astronomically high the cost of homeowners insurance has gotten:

"The premiums people are getting quoted are insane — \$12,000, \$18,000, \$40,000," Bach says. "They can't get their minds around it or their wallets."

Tierra, the retired teacher, has mitigated her home against damages, and emphasizes, "This is my nest egg. I do everything I can do possibly to protect my pets and to protect my emotional welfare, but it has been emotionally draining."

"For many families, their house is not only their home, but also their most valuable financial asset," concurs Sharon Cornelissen, director of housing at the Consumer Federation of America. "One major storm or fire can turn an uninsured homeowner into an unhoused family or leave them to live in the

wreckage of a damaged, unsafe house.”

While the dramatic rise in premiums seems unreasonable, the insurance companies are, indeed, being squeezed, data shows. Insurance companies raised homeowners’ premiums by 11% last year, in line with the \$1.10 that insurers paid for every \$1 they collected last year.

There was record \$28 billion in damage from disaster events in 2023, according to the National Oceanic and Atmospheric Administration.

Homeowners who think extreme storms or fires are only the headache of those living on coastlines, in wooded areas or “Hurricane Alley” are about to find their insurance premiums spike, too, as more major weather events, such as fierce thunderstorms and hurricanes, pop up, in landlocked areas, according to Cornelissen. These types of storms caused \$64 billion worth of economic losses in 2023, according to reinsurer Munich Reinsurance America.

This is why some major insurers are no longer doing business in states like California and Florida.

Even homeowners who have insurance are facing the double whammy that this steep expense is making their homes unsaleable — prompting some sellers to slash their asking prices.

Michelle Gradnigo of Paradise, California, lived through the deadly 2018 Camp Fire, which destroyed 90% of the town’s homes. Premiums for insurance on her home doubled to \$8,000 a month, forcing her to drain money from her retirement account and take on credit card debt.

“If I put this house on the market, and it really doesn’t sell, I will know that I have nowhere to go,” Gradnigo says. “It’s despair here.”