

[Climate change, extreme weather are driving up homeowners' insurance rates in Chicago and beyond](#)

CBS News

Allstate customers in Illinois could see their homeowners' policies go up more than 14% in a few months.

Allstate representatives said these increases in the Chicago area are not specifically related to the wildfires in California — a subject for which concerns about insurance claims have been making nationwide headlines. But they said more frequent extreme weather events are increasing claims costs.

Insurance experts and watchdogs said the industry was among the first to take notice of climate change — and the rate increase could just be the start.

A total of 12,000 homes have been lost to wildfires in and around Los Angeles. Meanwhile, right as the fires have been raging there, New Orleans, Louisiana, saw its first snowstorm in 15 years this week.

The common denominator between the two extreme weather events is climate change, and experts said they could be a harbinger of what is to come. Climate experts said more unpredictable weather is expected as a consequence of climate change — and weather insurance companies are keeping a close eye now as they have for years.

“Insurance companies have been all over climate change now for well over a decade,” said Amy Bach of United Policyholders, a national nonprofit meant to inform insurance consumers. “That is really, it is the price tag of climate change. It’s not just the price tag, it’s also the pain of people’s homes flooding that didn’t used to flood and all that stuff.”

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Bach explained that the point is to maintain profitability.

“They’re saying, ‘OK, how are we going to maintain the same level of profitability in the face of climate change?’” Bach said, “and how they’re doing that is raising prices, and cutting coverage, and shrinking the numbers of homes that they will insure in areas they deem vulnerable.”

Bach emphasized the importance of keeping up homes and avoiding filing small claims.

“You should have an inventory of your home. You should take video,” Bach said. “If you have a cellphone, put it on video, go around and narrate and say, ‘Here’s my living room set that I bought at Macy’s, and here’s the China I inherited, and whatever,’ and then send that video off to the cloud — where you’ll be able to use it if you God forbid ever need it.”

Further, Bach said consumers’ insurance rates go up, they should not be afraid to shop around for new coverage.

“We’ve always told people, shop and compare. You know, use, flex your consumer muscle,” Bach said, “and that’s still very important competition is very important as a way of kind of keeping rates in check.”

Allstate specifically now plans to raise rates for thousands of homeowners across Illinois — with a more than 14% increase going into place at the end of February.

A spokesperson said:

“While more frequent, severe weather and higher repair prices have increased insurance claim costs, customers continue to get competitive prices with Allstate and can save money by bundling home and auto.

“The wildfires in California will not affect homeowners’ policies in Illinois.”

The spokesperson for Allstate said the rate increase will not apply to all customers across the state, but

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did not address who would see an increase and who would not.

Mark Friedlander of the Insurance Information Institute explained how homeowners' insurance rates are determined:

- Each state's department of insurance regulates rates for that state. Illinois homeowners are not paying for losses in other states. Major catastrophe losses like the California wildfires will have no impact on the cost of insurance in Illinois or other states.
 - Rates are determined by the risks, building costs, labor costs, reinsurance costs and legal expenses to defend litigated claims in each state.
 - Each property is rated by several individual rating factors that include the location of the home, age of the home, square footage of the home, as well as the policyholder's credit record and claim history.
- Insured loss activity from severe weather events also has a big impact on rates - more than 100 confirmed tornadoes in Illinois in 2024, including many in the Chicago area.

The problem is being felt not just in Chicago or Los Angeles, but nationwide. In December, U.S. Sen. Sheldon Whitehouse (D-Rhode Island) released a public dataset and staff report on the rising rates in homeowners' insurance related to climate change around the country.

"Climate change is not just about polar bears and melting icebergs anymore," Whitehouse, the chairman of the Senate Budget Committee, said in a December news release. "It's also about climate-fliation bleeding family budgets—with higher costs for insurance, groceries, and health care—and cascading economy-wide shocks. What our new data reveal is that the failure to deal with climate change is also affecting whether families can even get homeowners insurance, which threatens their ability to get a mortgage, which spells trouble for property values in climate-exposed communities across the country."

The data in Whitehouse's report also show climate change is driving non-renewal rates for insurance, which correlate with rising premiums.

CBS News Chicago reached out to a range of companies for this story. Other companies deferred to the explanation provided by the Insurance Information Institute.

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