

Homeowners' insurance costs are going up amid climate change. Here's how to lower yours.

USA Today

Insuring a home isn't as easy as it used to be.

Allstate and State Farm are no longer providing coverage to new customers in California, citing rising costs and wildfire risks. And Farmers Insurance has stopped writing new homeowners policies in hurricane-prone Florida to "effectively manage" risk exposure, according to a statement from the company.

Florida and Texas - two states disproportionately affected by climate change - saw home insurance premiums increase 57% and 40%, respectively, since 2015, according to data from data and analytics provider LexisNexis Risk Solutions. On average, nationwide, premium home insurance rates increased roughly 21% in that time frame.

Though certain areas are more at risk for the effects of climate change, "this is a national issue," said Douglas Heller, director of insurance for the Consumer Federation of America, a nonprofit advancing consumer interests. "The home insurance market is getting more expensive. The coverage is getting more restrictive. And the options are more limited."

Consumers can take steps to lower their insurance premiums. Here's what consumer advocates suggest.

Shop around for a better deal

Heller recommends researching home insurance prices three ways: online, with an agent at a brand-name company, and through an independent agent that represents a number of insurers.

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“Around most of the country, once you do all those three avenues, you’re often likely to find a better price,” Heller said.

He suggests shopping with insurers that are protected by a state guaranty fund, which pays out claims if an insurance company is insolvent, and those that offer replacement cost policies. The alternative form of coverage, actual cash value (ACV) policies, bases reimbursements on the depreciated value of the damaged property, which means a homeowner with a 15-year-old roof will get less coverage than an owner with a new roof with the same damage.

ACV policies “save people money on the front end, but when you have a serious claim, they reduced the value of your damage by depreciation,” Heller said. “Make sure you understand what you’re getting and what you’re giving up when you seek out some savings.”

Bundle your insurance or cut out nonessential coverage

Insurers tend to cut deals for homeowners who bundle their insurance, so advocates suggest finding a provider that can insure multiple items like your home and car.

Homeowners can also check in with their insurer to see if they can save money by dropping coverage on nonessential items.

For example, not every homeowner may need structures coverage, which helps repair or replace property not connected to the home like sheds, fences and detached garages.

“Stuff is stuff. What’s most important is that I have adequate coverage on my dwelling so I can put a roof back over my head,” said Amy Bach, executive director of United Policyholders, a consumer advocacy group. “If they let you cut other structures and you don’t have any, then that’s a great plan.”

Prepare your home for the worst

Homeowners – especially those who live in areas at-risk for natural disasters like wildfires – can lower their premiums by showing their insurers that they’re taking steps to mitigate risk. This can be done through updates like strategic landscaping or the installation of fire-resistant roofing.

“Of course it’s costly, but is it more costly than having to replace your entire home? Probably not,” said

Sally Greenberg, CEO of the National Consumers League, a consumer advocacy organization.

Raise your deductible

Raising your deductible – the amount you pay out of pocket before your insurance coverage kicks in – has traditionally been an easy way to lower costs, but it may not be the best option for every homeowner.

Certain areas “already have a very high deductible,” Bach said. “So raising your deductible can work, but it’s not as viable for some people as it used to be.”

Avoid filing small claims

Bach suggests owners avoid filing for small claims, which can put homeowners in a higher risk category and end up costing them more money.

“Save your insurance for the really big ones, and that keeps it a little more affordable,” she said.