

[How to Get More Affordable Home Insurance as Costs Soar](#)

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Weather-driven disasters are causing rates to skyrocket in high-risk regions. But there are things owners can do to save on costs.

As the 2018 West Fire swept through Alpine, Calif., a small town in the foothills east of San Diego, firefighters were stationed in front of Emily Ziegler's house, where she lives with her husband and three children.

The fire claimed dozens of homes in its path, but the family's house — which includes a garage and a granny flat on more than two acres near Cleveland National Forest — was unscathed.

Securing affordable homeowners' insurance, however, has become a challenge. The family's policy with USAA doubled to \$8,000 last year, and when Ms. Ziegler called other insurers in search of a better deal, they all gave her the same advice: Hold on tightly to your existing policy.

"There is a limited number of people who will write insurance in our area, and they will only write it for a limited number of homes," said Ms. Ziegler, 44, a forensic psychologist. "I don't have any other options."

Options continue to shrink for homeowners living in California and other catastrophe-prone states, including Louisiana and Florida. Just last month, State Farm, the largest insurer in California, said it would stop writing new homeowners' policies there, citing the rising cost of rebuilding, increased exposure to catastrophes like wildfires and the escalating expense of the insurance it buys for itself to offload some financial risk. It joined retreats by Allstate, California's fourth-largest insurer, and AIG last year and Nationwide before that.

"The new normal means paying more attention to insurance than you'd like to or you have been," said

Amy Bach, executive director of United Policyholders, a consumer advocacy group.

Even outside the areas most vulnerable to the increasing frequency and costs of weather-driven disasters, insurance prices are projected to keep climbing: Nationally, premiums rose 12.4 percent in the first quarter, according to S&P Global Market Intelligence, the highest increase in nearly two decades.

When traditional insurance is hard to secure

Finding a reasonably priced policy is an increasingly complex and high-stakes calculation. Standard homeowners' and renters' insurance policies don't cover all hazards. Wildfires are generally folded in, for example, but floods and earthquakes generally require separate coverage. In hurricane-prone areas, wind and hail coverage may carry its own deductible — or be a separate policy.

In fact, homeowners having difficulty securing policies through traditional, state-regulated carriers like State Farm may need to turn elsewhere, even temporarily.

Most states have some type of “last resort” option, though the plans vary in design, cost and coverage. A majority of states have so-called FAIR plans, an acronym for Fair Access to Insurance Requirements, which are established by the state but generally backed by private insurers. They provide basic coverage — at a higher cost, in part because they take on the riskiest customers — and homeowners may need to buy supplemental policies to fill in gaps.

More Californians are expected to continue to turn to their state's FAIR plan. And in Florida, the FAIR plan became its largest insurer last year, covering more than 15 percent of homeowners at the end of 2022, according to the Insurance Information Institute, a trade group. Colorado passed legislation last month to create its own version, which will insure homeowners up to \$750,000.

There are nontraditional options, but they come with fine print of their own: Specialty insurers sell policies in higher-risk areas that are only lightly regulated, and unlike traditional insurers, they are not backed by state guarantees. In other words, if they fail and cannot pay out claims, the homeowner receives nothing. (An insurer's financial strength can be found through companies like AM Best.) These carriers also don't need to submit their rate increases for approval with states, as regulated insurers do.

“People are turning to it because it is there, and they are desperate,” said Douglas Heller, director of insurance at the Consumer Federation of America. “But it is important for consumers to know whether

the insurer they are signing up for is protected by the state guarantee fund if the insurer goes insolvent.”

Mitigating risk and strengthening your home for disasters

After homeowners figure out the hazards in their area — sites like Risk Factor can help — they can take steps to reduce the potential damage and, hopefully, their insurance premium. You might even call your insurer to find out if your property has a risk score, and ask if there are ways to improve it.

In California, a new law requires insurers to provide homeowners with their property’s wildfire risk score when they apply for a policy, and what they can do to lower it. Last year, the Insurance Institute for Business & Home Safety, a research group, introduced the Wildfire Prepared Home designation, which provides a list of actions that can be taken to “harden,” or fortify, a home against wildfires. After those requirements are met, the group sends an inspector and issues a three-year certificate that may be used for potential insurance discounts. The designation costs \$150.

“Insurance companies want to see that mitigation actions have been taken, and oftentimes it is a suite of actions, not just one,” said Roy Wright, chief executive of the institute and a former chief executive of the National Flood Insurance Program.

Mitigation measures for hazards in different parts of the country can reduce premiums 5 to 10 percent, according to the Insurance Information Institute.

Ms. Ziegler and her husband, Louie Garcia, are doing what they can to make their home less vulnerable to wildfires. They have a “defensible space” around most of their house, which is clear of vegetation and other flammable materials, and Mr. Garcia is replacing the wood siding with fiber cement board. They’re also rebuilding their wood deck with fire-resistant materials.

Mitigation costs can vary. Replacing a cedar roof with metal, concrete or asphalt may be pricey, but fire-resistant, mesh-covered vents that prevent embers from getting inside the home, for example, can cost just \$50 a piece.

All of these actions are more effective when they’re happening communitywide. Living in what the National Fire Protection Association deems a “Firewise USA” community can help generate insurance discounts.

Other cost-saving strategies

Most people are advised to buy enough insurance to rebuild their home so that it meets building code requirements. Be sure the policy covers the replacement value, not the actual cash value. The high cost of rebuilding is driving much of the premium increases, but there are strategies to try to reduce your premiums.

Many homeowners are resorting to the usual tactics, including raising their deductible or reducing coverage on other structures, such as garages, or their home's contents and personal property.

Some larger carriers offer deductibles up to \$5,000, while specialty insurers may run as high as \$10,000, said Pat Howard, a home insurance expert at Policygenius. "Right now choosing a high-deductible policy is probably the most impactful thing they can do to lower their bill."

But it also means you won't be able to file claims below that amount, which makes an emergency fund even more important. And in the most disaster-prone regions, including the Gulf Coast states and parts of Long Island, deductibles for wind damage are already sky high, so it's impractical to raise them further.

How to scour the insurance market

In an online world that's increasingly eliminating the middleman, this is a situation where a well-seasoned broker can help. "In this market," Ms. Bach said, "it is very hard for a consumer to shop on their own."

Some experts suggest scouring the market in a few different ways: Get at least one quote online and one through an agent that sells exclusively through one insurer. Then reach out to an independent broker who has the ability to survey several providers and match you with the best insurer for your situation. Investing time in this exercise every few years (or every year, if you don't have a traditional policy) can ensure that your coverage is in good shape.

If you're buying a home, start that search early. In riskier areas, real estate agents are requiring homeowners to find insurance before closing, said Janet Ruiz, an industry expert at the Insurance Information Institute.

Mr. Howard of Policygenius said he'd go as far as building an insurance contingency clause into offers on new homes — that is, if you cannot get insurance or adequate coverage, you can walk away from the

deal. “You are going to see that a lot more,” he added.