How will climate change and more severe weather affect homeowners' insurance policies?

CBS News Chicago

Climate change means more extreme weather—weather that could be like what the Chicago area saw last week with storms and tornadoes tearing through the area by the dozen.

Experts say insurance companies are paying close attention, and the average person should be doing so too.

Tornadoes touched down in the Chicago area and even within the city limits two nights in a row this month—with six on Sunday, July 14, and a whopping 27 on Monday, July 15. Fallen trees were left blocking streets in the city and suburbs—and while the mess was mostly gone more than a week later, the insurance claims most assuredly were not.

"Some people have been standing out there on the side being climate change deniers," said Amy Bach of United Policyholders, a national nonprofit meant to inform insurance consumers. "Insurance companies have been all over it for years."

For consumers, this may not be good news.

"We are definitely feeling the pain from insurance companies adapting to climate change," Bach said.

In short, it means limits on repairs that will be paid for.

"Insurance companies have been taking many specific steps to protect their profits in anticipation of increasingly severe weather events associated with climate change," Bach said. "They're looking for

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ways to avoid paying some of these claims. You wouldn't have had this kind of extensive damage from this kind of an event."

Severe weather-related damage is the kind of damage, and coverage, that Bach said consumers should take a look at.

"Insurance companies have been very busy limiting what they pay for water; limiting what they pay for roofs," Bach said.

Meanwhile, consumers may still be paying more for their homeowners' insurance regardless of whether their home is damaged by a flood, fire, or tornado—and rising premiums are leading consumers to make ill-advised decisions.

"People will sometimes say, 'Because premiums have gone up, I'll sacrifice a little bit of my coverage,'" said Bach. "They don't really understand what that's going to mean when they have a claim."

And is more extreme weather expected due to the changing climate? Illinois State Climatologist Dr. Trent Ford says stronger connections are being studied.

"I'm glad you're doing kind of a spotlight on this, because it's a problem," Ford said.

Ford said the study of severe weather and its connection to climate change is complicated, but the research is pointing in a certain direction.

"What the research is suggesting is there is a connection between climate change and the frequency of the environments can create tornadoes or tornado outbreaks like we saw on Monday [of last week]," he said. "So we can't say climate change made what happen Monday more likely—weather attribution doesn't get to that kind of scale yet—but research is increasingly suggesting tornado outbreak days, those kind of environments, may be connected in their frequency with climate change."

So with that in mind, what does responding to climate change mean to people's bottom line—insurance premiums and coverage?

CBS News Chicago went directly to insurance companies to find out—including Geico, Allstate,

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Progressive, State Farm, and Liberty Mutual, among others.

Geico explained that it would not be a good fit to comment on the issue—as it sells, but does not underwrite, homeowners' insurance policies. The homeowners' policies Geico sells are underwritten by nonaffiliated third-party insurance companies, Geico said.

The insurance companies pointed CBS News Chicago to the American Property Casualty Insurance Association, or APCIA—which is not an insurance company, but a trade organization representing the property and casualty insurance industry.

"One of the concerns we have is just how we go about preparing for these events going forward," said Donald Griffin of APCIA. "Certainly, we are aware of climate change."

Griffin said there are many factors that go into changing policies or coverage. What he says is important is for consumers to know how they are covered.

"We really didn't change the coverage because of climate change," he said. "If there's changes made to the coverage, it's usually due to the fact that there has been more losses in a particular area."

APCIA also pointed to a recent New York Times article—which outlined that challenges in the industry are related to rising costs for construction labor and building materials, outdated building codes, increasing frequency and severity of natural disasters, rapid population growth in areas that are disaster-prone such as hurricane-exposed coastlines, and rising reinsurance costs.

APCIA said other significant factors impacting insurance availability and cost include legal system abuse driven in part by third-party litigation funding, an increase in mega-verdicts, escalating retaliatory mandates, and unintended consequences and major challenges associated with expanding government-backed residual markets.

Karen Collins, APCIA's vice president of property and environmental, said in a statement:

"Property casualty insurers recognize that the increased losses and costs are creating challenges for many consumers, which is why the industry is at the forefront of developing solutions to improve the affordability and availability of insurance."

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“Insurers have also been developing affordable environmental mitigation and resiliency standards to better protect individuals, families, and businesses from weather losses. Through the Insurance Institute for Business & Home Safety, insurers are funding and promoting new building and landscaping design standards that can reduce fire risk, hail damage, and wind losses. Insurers are also partnering with local safety officials to implement mitigation measures and working with policymakers to promote funding of real-world, actionable, and affordable solutions for consumers and communities.”

APCIA said insurance companies have an interest in repairs that protect against disasters—climate-related and otherwise.

“Whatever claims there are, be a result of climate change or just more catastrophes in general, we are there to respond,” Griffin said. “We want to be sure we build more resilient communities and when we repair them—or when there’s damage from an event like this, we put things back in a little bit different condition.”

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