

[LA fires just latest disaster prompting home insurers to drop coverage, raise rates](#)

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Wildfires leveling parts of Los Angeles. Hurricanes devastating Florida and the Carolinas. Floods around the Passaic River, Meadowlands and Jersey Shore.

Nearly half of all homes across the nation — worth almost \$22 trillion — face at least one type of severe or extreme climate risk, ranging from flooding to wind, wildfire, heat and air quality, said a report last year by Realtor.com.

The news is especially relevant today, as fires have left at least 16 dead and more than 10,000 structures destroyed in the Los Angeles area from several wildfires fueled by raging Santa Ana winds.

New Jersey doesn't face an extensive litany of natural disasters; wildfires have been less deadly and destructive, and hurricanes are more rare.

But in the New York metropolitan area alone, about \$1.58 trillion worth of homes are at severe or extreme climate risks, specifically when it comes to flooding, heat and wind, the Realtor.com report found.

And New Jersey is not without its share of extreme natural disasters, with last fall's forest fires a recent example, along with intense rainstorms that dumped several inches of water across the region.

When a home is damaged by one of these disasters, the owner will likely turn to filing a homeowner's insurance claim.

Insurers are not renewing homeowner policies in high-risk areas

Insurers are taking notice, said Stella Lemberg, an insurance specialist at ABA Insurance Agency in Fair

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Lawn, scaling back the creation of new policies in high-risk areas and being more selective with those policies.

“These moves reflect how insurers are adapting to growing risks to protect themselves from significant losses,” she said in an email.

Insurance companies don’t terminate current policies in those high-risk areas, but they can decline to renew them once they expire, as State Farm was reported to have done for tens of thousands of homeowners in Southern California in 2024.

S&P Global reported that 25 states saw a homeowner’s insurance rate change of at least 10% in 2023, compared with six states in 2022.

“Severe and destructive weather events including hurricanes, hail, tornadoes, flooding, straight line wind events, derechos and wildfires are occurring with increasing frequency and severity throughout the U.S. and beyond,” reads a post by the consumer advocacy group United Policyholders.

Insurance companies, in turn, “are reducing what they cover, increasing premiums, dropping long time customers and pulling out of entire regions in order to protect their profits and shareholders,” the group added.

Homeowners have been left with fewer options for insurance because carriers have “exited the marketplace” in disaster-prone areas, said Anella Niewenhous and Bill Gatewood of the Parsippany-Troy Hills insurance company Burns & Wilcox.

Risk of floods and home damage

Federal flood maps meant to demonstrate the risk that residents face from flooding — and in turn whether one should get homeowners insurance — are outdated and don’t reflect the changes from climate change, advocates say.

Gaps in insurance coverage — particularly flood insurance — could leave thousands of New Jersey households vulnerable.

“There are communities that are used to flooding, but suddenly climate change is changing our flood

maps,” Doug O’Malley, director of the advocacy group Environment New Jersey, has said. “We have existing development in flood basins or areas that will become flood basins, and we’re not ready for that.”

In 2023, the Murphy administration rolled out rules designed to keep new buildings on the Jersey Shore and Delaware Bay out of the way of floodwaters amid extreme weather events fueled by climate change.

The state Department of Environmental Protection also adopted rules that force new buildings within inland flood-prone areas to be erected 2 feet higher than the current standard and to set aside more land for stormwater management.

But the rules could be changed by a future governor’s administration, and Murphy’s term ends in a year.

Rising costs to build, repair a home

Inflation, meanwhile, has meant the cost of rebuilding homes has risen, from raw materials to the cost of labor.

“With inflationary trends, we’ve seen many homes after catastrophe — like a home fire or hurricane, tornadoes, wildfires — many homeowners don’t have adequate replacement costs. As a result, they see a shortfall when they file their insurance claim,” Mark Friedlander, director of corporate communications at the Insurance Information Institute, an industry association, said last year.

Christine O’Brien, president of the Insurance Council of New Jersey, has said that home insurance policies offer a “rider or an endorsement” that “basically adjusts to keep pace with inflation.”